Alberta

MUNICIPAL AFFAIRS

Innovative Housing Grants Program

# ALBERTA MARKET OPPORTUNITIES: HOUSING AND URBAN DEVELOPMENT IN THE THIRD WORLD

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The views and conclusions expressed and the recommendations made in this report are entirely those of the authors and should not be construed as expressing the opinions of Alberta Municipal Affairs.

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## FOREWORD

The project documented in this report received funding under the Innovative Housing Grants Program of Alberta Municipal Affairs. The Innovative Housing Grants Program is intended to encourage and assist housing research and development which will reduce housing costs, improve the quality and performance of dwelling units and subdivisions, or increase the long term viability and competitiveness of Alberta's housing industry.

The Program offers assistance to builders, developers, consulting firms, professionals, industry groups, building products manufacturers, municipal governments, educational institutions, non-profit groups and individuals. At this time, priority areas for investigation include building design, construction technology, energy conservation, site and subdivision design, site servicing technology, residential building product development or improvement and information technology.

As the type of project and level of resources vary from applicant to applicant, the resulting documents are also varied. Comments and suggestions on this report are welcome. Please send comments or requests for further information to:

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# EXECUTIVE SUMMARY

## INTRODUCTION

- The purpose of the study, summarized briefly, was to explore opportunities for Alberta firms to participate in housing and urban development activities in the Third World, with an emphasis on projects funded by multilateral agencies.

- The study was conducted in three phases. During the first phase, representatives of the Alberta housing industry were consulted to help identify information needs and to shape the research program. In the second phase, market information was collected from the major multilateral organizations involved in the urban field, and market opportunities were assessed. In the third phase, preliminary marketing strategies were developed.

## CONCLUSIONS

- The study concluded that there are export opportunities available to Alberta firms in the Third World urban sector. Detailed conclusions about opportunities were as follows:

    1. The urban demands in the underdeveloped world are massive and intensifying, and increasing national and international attention is being devoted to resolving the many issues which underlie the sector.

    2. All of the international agencies are involved in the urban development sector to varying degrees, but the largest participant is the World Bank, which supports an estimated three-quarters or more of the international lending in this area.

    3. The greatest market opportunity niche for Alberta in the housing and urban sector relates to the provision of technical assistance and consulting services. The total

market for such services could reach U.S. $100 million annually in the next few years.

4. The involvement of the multilateral lending agencies is being oriented increasingly toward institutional strengthening, housing finance, and urban management, and the required areas of technical assistance are generally related to those areas.

5. The technical assistance needs in the urban sector are not being adequately satisfied by the international consulting industry at the present time.

6. Canada is a member of all the major multilateral agencies and accordingly, Canadian firms are eligible to bid for contracts emanating from, or funded by, those organizations.

7. In general, the procurement process for technical services is not based on the lowest tender system but, rather, on demonstrated competence and qualification, overseas experience, and the familiarity of the borrowers and lending organizations with prospective firms. The international organizations play a particularly important role in the consultant selection process in the urban field.

- New technical assistance/consulting exports from Alberta of U.S. $1-2 million per year represents a realistic and realizable target over a three to five-year period.

- Preliminary marketing strategies are defined in the report for: 1) individual firms that may choose to pursue the identified markets on their own and 2) a collaborative or joint-marketing initiative involving the industry as a whole or a consortium of specific private and public enterprises.

- The main elements of a marketing strategy for individual firms are the following:

    - register services with the major international organizations and particularly the World Bank and the United Nations Centre for Human Settlements.

    - maintain regular contact with relevant officials of those organizations.

    - subscribe to periodic summaries of upcoming projects.

    - pursue a niche-marketing approach and emphasize areas of specialization.

    - approach large firms with a view to serving as subconsultants.

    - pursue opportunities to utilize CIDA trust funds that are available to the World Bank for the use of Canadian consultants.

- Over and above the activities cited above for the individual firms, the main elements of a comprehensive, more industry-wide marketing approach are as follows:

    - the need to establish and maintain an umbrella sales and management organization.

    - the need to develop a research and training function to establish international credibility, develop networks and contacts, and gain additional expertise. Municipal twinning arrangements should also be more fully exploited to include technical assistance and training activities.

    - encourage CIDA to undertake a larger role in the urban field and work toward executing CIDA-sponsored initiatives that might evolve.

# 1. INTRODUCTION

## 1.1 BACKGROUND AND PURPOSE OF STUDY

The purpose of this study is to explore opportunities for Alberta firms to participate in housing and urban development activities in the Third World, with an emphasis on projects and research activities funded by multilateral agencies such as the World Bank. Identified market opportunities represent potential areas where the products and services of Alberta industry could be applied; new export successes would serve to strengthen and diversify provincial businesses now serving the housing and urban sector.

Funding for the study was provided under the Innovative Housing Grants Program, grant application #8611131, of Alberta Municipal Affairs. The project commenced in April, 1987.

## 1.2 SCOPE AND METHODOLOGY

The study represents an initial market research exercise. The focus taken by the study team was to concentrate on those market niches that would appear to be consistent with provincial competencies and areas of potential comparative advantage. Although many market opportunities exist in the urban sector, the researchers concentrated their efforts in those ares that appear to be the largest or most promising.

The study was conducted in three phases. In the first phase, selected industry representatives of the housing and urban development sector were consulted to help identify information needs and shape the work plans for the market research investigations. Industry concerns and issues related to the Third World housing were also identified; these were then addressed in the subsequent parts of the study.

The second phase involved the gathering and analysis of market data and information. Multilateral institutional support to the urban sector was examined, and funding resources, trends in financing, procurement patterns, and competitive issues were documented through information obtained from the relevant organizations and through personal interviews.

On the basis of the phase II findings, which confirmed that there are indeed opportunities for Alberta firms in the overseas urban sector, the consultants proceeded with the third and final phase of the study, which explores in a preliminary way the marketing strategies that might be pursued to realize export success in this area.

## 1.3 DEFINITIONS

The primary focus of this report is on the housing and urban development sector. It should be noted that different organizations may categorize their projects in different ways. Typically, urban projects deal with the provision of shelter and urban infrastructure, including transportation. Generally not included are projects which are primarily concerned with water supply, education or other aspects of social infrastructure. Few of the larger development projects are purely single-sector projects, and it is the decision of a particular development agency as to how a project is classified. For example, a water project may also include some elements of municipal organizational training while an urban project may include components of water system improvement and social infrastructure, such as schools and medical clinics.

## 1.4 ORGANIZATION OF REPORT

The report is organized in eight sections. Section 2, which follows, provides an overview of the trends in urbanization in the developing countries and of the problems and issues which are addressed through assistance from the international development agencies.

Section 3 provides a market analysis of foreign assistance for urban projects in developing countries. This section reviews the extent and level of past and projected involvement by international agencies, and describes the categories of projects which have received support. The types of foreign goods and services required in urban projects are examined, and an assessment is made of key areas of opportunity and the absolute size of those markets.

Section 4 reviews the tendering and procurement practices for goods and services utilized in urban projects.

Based largely on information derived from, and pertaining to, the World Bank, Section 5 summarizes the market potential in the urban development

field and discusses the competitive and marketing issues related to the overseas market.

Section 6 provides an overall market assessment summary as determined through the foregoing research.

Section 7 presents the conclusions supportive of increased participation of Albertans in urban development activities in the Third World.

# 2. URBAN DEVELOPMENT IN THE THIRD WORLD

## 2.1 TRENDS AND PROJECTIONS

Increasing urbanization is a trend which is highly evident in the developing world, through a combination of population growth and rural-urban migration. It has been estimated that the urban population in the developing countries will increase from approximately 1250 million today (300 million in 1950) to nearly 2 billion by the year 2000. It has been further predicted that 13 of the world's 15 largest cities will be in developing countries by the year 2000, compared to 9 in 1980 and 5 in 1950. For example, Mexico City is expected to be the world's largest city in the year 2000, with a population of over 26 million.

World Bank development reports note that economic development and urbanization are inter-related. Cities and towns already account for at least 50% of GNP in most developing countries, and they are looked to as the source of most new economic growth. In predominantly rural economies of sub-Saharan Africa, where urbanization is a relatively recent phenomenon, growth rates are very rapid due to the combination of a very high natural population growth and massive rural-urban migration. In the highly urbanized middle-income countries of Latin America, where over half the population already lives in urban centres, it is expected that 75% of the population will be urban dwellers by the year 2000 due mainly to natural population growth.

Past experience and current projections indicate that rapid urban growth in developing countries is a reality which will persist well into the twenty-first century. Initiated largely by rural-urban migration, the process will be reinforced through the natural population increase of the urban dwellers. The implication is that a large and growing share of resources will need to be directed to urban areas to support human needs.

## 2.2 PROBLEMS AND ISSUES

In 1980, about two-thirds of households living in absolute poverty were located in rural areas. It is expected that by the year 2000 half of the absolute poor will be living in cities, as the number of urban dwellers in developing countries almost doubles from recent levels. The growth in urban poverty is, in part, a reflection of cities' inability to manage rapid growth and to provide basic services of shelter and sanitation for their residents.

The lives of most urban dwellers in the Third World are characterized by poor health, inadequate diets, and unsatisfactory housing and living conditions. The poor housing is frequently cited as a cause of health problems, due to the low quality of building materials, inappropriate building sites, and the lack of services and facilities. Accommodation for the urban poor is characterized by overcrowding and by inadequate, or non-existent, services of clean water, sanitary disposal of human waste, public transport, and health care.

A number of specific problems and issues recognized as barriers to improved housing conditions in the developing countries are described below.

Access to Secure Land Tenure. Improvements to the housing for the poor in developing countries are frequently constrained by a lack of land tenure, as the poor will not risk an investment in improved housing without security of tenure. Tenure is a prerequisite for the poor to take the responsibility to improve their own living conditions. The issue of land tenure has typically been approached in two ways: 1) legitimizing the existence of squatter settlements by conferring security of tenure to existing illegal residents; and, 2) government intervention in the land market to make land more accessible to the poor.

Access to Basic Infrastructure. Such basic services as water supply, sanitation, and transportation need to be provided as initial support infrastructure, and operated and maintained on an on-going basis. Many early urban development projects were "sites and services" projects which provided the poor with serviced sites on which to build their own homes but incorporated little provision for the on-going maintenance of essential infrastructure. Now, increasing attention is being given to cities' ability to operate and maintain public facility investments.

Access to Finance. Financial resources have generally not been available to the poor, which is a constraint to the acquisition of land, materials and services for home construction. Efforts to address the issue of housing finance include government subsidization of housing and the establishment of cooperative building societies organized by the poor. There remains, however, a large unsatisfied demand for housing finance which requires reforms to existing housing credit systems.

Access to Affordable Building Materials. Building materials are an issue at three levels: regulation, research, and distribution. Many developing countries have inherited building codes from colonial powers; these codes often require the use of materials which simply are not affordable by the poor. More research and test programs are needed to identify and encourage the use of affordable local building materials which provide acceptable durability and safety to residents. The distribution of materials, which ties into the issue of housing finance, is being improved in some countries by the establishment of building materials banks for the poor.

Stimulating Community and Private Sector Involvement. The governments of developing countries generally lack the financial and managerial resources to solve housing problems without the support of the end users and the private sector. To reduce strains on government resources, it is necessary to tap the labour resources and commitment of the poor and the private sector to help construct and maintain communities.

## 2.3 FOREIGN ASSISTANCE

Formal programs of foreign assistance to developing countries for urban development began in the early 1970s in response to the pressures of rapid urban growth. The Inter-American Development Bank was the first of the international lending institutions to become active in the sector, and in 1971 oriented its lending program towards the support of urban planning and urban development. The World Bank first initiated its urban lending program in 1972 in response to requests from member countries for assistance in the sector.

In 1976, the United Nations Development Programme (UNDP) added to its mandate the Coordination of Human Settlements Development. This development coincided with the HABITAT conference in Vancouver that year. The United Nations Centre for Human Settlements (UNCHS or

HABITAT) was formally established in 1978, as an executing agency responsible for implementation of shelter and urban development projects which are funded by the UNDP and other agencies and institutions. In 1982, the United Nations General Assembly proclaimed 1987 the International Year of Shelter for the Homeless (IYSH), and designated UNCHS to coordinate the relevant programs and activities.

The objectives of IYSH were to create a worldwide awareness of the extent and nature of inadequate shelter in the world, to sound an advance warning of the looming crisis facing the cities in developing countries, and to generate commitment by governments, international aid agencies, non-governmental organizations and others to respond with specific programs to prevent that crisis. The IYSH is not a specific event but rather a 13-year program of action with the objective of shelter for all by the year 2000.

In summary, foreign assistance for housing and urban development in the Third World is a relatively recent activity. Much assistance to date has been in the nature of trial programs and projects, in search of techniques for sustainable and replicable development. Much work remains to be done in the sector, and the applicable techniques continue to evolve on the basis of experiences with pilot projects.

# 3. ANALYSIS OF FOREIGN ASSISTANCE FOR URBAN DEVELOPMENT

## 3.1 AGENCIES PROVIDING DEVELOPMENT ASSISTANCE

### 3.1.1 Overview

A wide spectrum of agencies are concerned with the provision of shelter and urban development in the Third World. At the "charitable" end of the spectrum are non-profit and non-governmental organizations such as the Canadian Catholic Organization for Development and Peace and The Rooftops Canada Foundation. At the mid-spectrum are governmental and multinational agencies, such as CIDA and the UNDP, which provide assistance on a grant basis. At the other end of the spectrum are the multilateral development banks (MDB) such as the World Bank, which for the most part behave as profit-making institutions.

The type of assistance offered by the various agencies varies in accordance with their financial resources. The non-profit organizations tend to offer assistance on a grant basis, mainly through technical assistance for research activities, the implementation of pilot projects, training and education, and the formulation of plans for large-scale projects requiring financing by larger institutions. The multilateral development banks provide mainly loan financing towards the purchase of goods, materials, and specialist services necessary to actually implement the larger projects.

All of the MDBs provide technical assistance to developing countries, although there are notable differences in the priority given to such assistance as between the World Bank and the regional development banks. The World Bank does not, except in rare exceptions, provide grants for technical assistance to member countries, and encourages "the greater use of alternative, lower-cost technical-assistance delivery systems through the use of volunteers, non-governmental organizations, retired executives, and twinning arrangements." These comments appear in the Bank's 1987 Annual Report, which also notes "increased concern about the costs and effectiveness of technical assistance." The majority of World Bank technical assistance is financed as components of loans or credits extended for other purposes.

Both of the regional development banks that have urban development programs, the Inter-American Development Bank (IDB) and the Asian Development Bank (ADB), support and encourage the financing of projects which are solely of a technical assistance nature. Their view of technical assistance as an integral tool for Bank support of regional development is reflected in the fact that both of these banks offer grant subsidies to help recipient countries lessen their share of technical assistance costs.

This report focuses on the larger of the agencies and institutions with involvement in housing and urban development in the Third World: the World Bank, Inter-American Development Bank, Asian Development Bank, and the UNDP. Canada is a member of all of these organizations, which allows Albertans and other Canadians to compete with persons and businesses from other member countries for business opportunities related to projects financed by those organizations.

Of the institutions involved in urban development in developing countries, the World Bank provides the greatest proportion of funding. In 1987 the World Bank approved loans worth about U.S. $1.3 billion to the sector, representing an estimated 80 percent of total loans and development assistance by all international agencies to the sector. It should be noted that funding by the World Bank and the other institutions usually represents only the foreign exchange component of project costs, and that total project costs include local inputs acquired through local currency and funded from other sources. In aggregate, the developing countries finance about 87% of their own development.

### 3.1.2 World Bank

Agency Description and Purpose

The World Bank is a multilateral development bank owned by more than 140 member countries and based in Washington, D.C.. The purpose of the World Bank is to provide financial and technical assistance to developing countries to stimulate economic development. The World Bank is a profit-making institution rather than an aid agency: loans and credits are expected to be fully repaid by borrowing countries, and the Bank has made a profit in every year since its inception in 1945.

The World Bank is comprised of three distinct agencies: the International Bank for Reconstruction and Development (IBRD), the International Development Association (IDA), and the International Finance Corporation (IFC). The IBRD and IDA are similar in that they both provide loans to the governments of developing countries, utilize the same procedures for tendering and awarding contracts for goods and services, and share the same staff. The IFC is a more distinct agency, and works directly with private investors rather than governments.

The IBRD raises its funds by borrowing in the international capital markets, and makes loans to credit-worthy developing countries. The IDA raises its funds mainly through grants from its member governments and through a share of the IBRD's profits. It makes highly-concessionary loans called credits to countries which are not sufficiently credit-worthy to borrow from the IBRD. IDA credits generally consist of interest-free loans with a term of 50 years. IDA credits, which are extended to the least developed countries, have historically accounted for about one-quarter of total bank lending.

The World Bank does not generally fund projects which are purely of a technical assistance nature, although it does have a project preparation facility whereby funds are extended to meet gaps in the preparation of projects for Bank funding. These funds are rolled into loans for the associated projects. Most technical assistance which is financed by the World Bank is financed as components of loans and credits extended for other purposes.

IBRD and IDA financing is generally extended only to governments (not the private sector) to help meet the foreign exchange costs of development projects. It is a condition of the loans that all World Bank member countries are eligible to compete for procurements made under the loans. Actual procurements made under the loans are undertaken by the borrowing countries and not by the World Bank but procedures must adhere to Bank guidelines.

Support for Urban Development Projects

The World Bank initiated an urban lending program in 1972 in response to the pressures of rapid urban growth in all regions of the developing world. Loans in this sector have been directed towards four major categories of project: shelter, transport, integrated urban development, and regional development. In the program's first ten years, approximately 40% of urban

development loans were in support of shelter projects. Shelter projects include improvements of existing substandard housing (slum upgrading projects) and the provision of services to encourage individuals to construct their own homes on new sites (sites and services projects). Table A-1 in Appendix A provides a profile of urban projects under consideration of the Bank by of the spring of 1988.

Between 1972 and 1987, the Bank approved loans worth a total of U.S. $6.8 billion for approximately 145 urban development projects . Table 1 shows the growth in loan approvals over this period. In fiscal year 1987, the Bank approved 13 loans worth a total of U.S.$1.3 billion. Urban development loans accounted for approximately 8% of the Bank's 1987 lending activity. In both absolute and percentage terms, World Bank financing of urban development projects has increased significantly in recent years, as demonstrated in Table 2. The Bank accounts for approximately 80% of development financing to the sector from all international aid sources.

The outlook is for increased World Bank lending to the urban sector. Such lending is expected to total $1.5 to $2.0 billion in the current fiscal year.

### 3.1.3 Inter-American Development Bank

Agency Description and Purpose

The Inter-American Development Bank (IDB) is a multilateral development bank which is owned by 43 member countries, and which is based in Washington, D.C. The IDB was created in 1959 to help accelerate the economic and social development of its developing member countries in Latin America and the Caribbean.

The IDB administers several funds from which it extends financing to its 25 developing member countries. About 63% of total lending is from Ordinary Capital Resources and 2.3% is from the Venezuelan Trust Fund. These loans are interest-bearing and non-concessional. Most of the remaining loans are soft loans provided on concessional terms, and are extended through the Fund for Special Operations, the Social Progress Fund, and from other smaller funds under the Bank's administration. The IDB's concessionary loans from its Fund for Special Operations have amortization periods of 20 to 40 years and bear interest rates which vary from 1 to 4 percent per annum. Resources for the Fund come entirely from contribution quotas paid by all the member countries.

Since the Bank's inception, approximately 1.5% of the Bank's financial operations have been in support of technical cooperation projects. Quoting from the IDB Publication, The Role of the Bank in Latin America in the 1980s, the organization regards technical cooperation as "a major activity needed for the transfer of knowledge and skills for strengthening the capabilities of borrowing institutions and directed to the preparation of investment programs and projects in the priority sectors. In keeping with its tradition, the Bank should continue to provide support for socio-economic research in the key fields in Latin America such as energy, agriculture and industrial technology, urban development, employment generation and mobilization of internal resources". In practice, technical cooperation is provided by the bank in two areas:

- Preparation, financing, and implementation of development plans and projects.
- Development and improvement, through seminars and other forms of training, of personnel specializing in the preparation and implementation of development plans and projects.

IDB financing is available to private and public sector borrowers of both large and small scale. Small-scale borrowers have access to Bank funds through bank loans to local development institutions which in turn extend funds to farmers, cooperatives, and small to medium-sized manufacturing firms. IDB loans, which normally do not cover more than 50% of the costs of a given project, are made to help meet local as well as foreign exchange costs of development projects. It is a condition of the loans that all IDB member countries are eligible to compete for procurements made under the loans. Actual procurements made under IDB loans are undertaken by the borrowers and not by the Bank.

Table 1
World Bank Urban and Water Lending by Region
Fiscal Years 1972-1987
($ U.S. millions)

| Fiscal Year | Africa | | ASIA | | EMENA(1) | | LAC(2) | | TOTAL | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Urban | Water | Urban | Water | Urban | Water | Urban | Water | Urban | Water |
| 1972 | 8.0 | 10.8 | 0.0 | 0.0 | 2.3 | 37.0 | 0.0 | 6.9 | 10.3 | 54.7 |
| 1973 | 0.0 | 9.5 | 16.0 | 88.7 | 0.0 | 71.7 | 20.0 | 99.1 | 36.0 | 269.0 |
| 1974 | 3.0 | 10.4 | 35.0 | 74.8 | 60.0 | 229.3 | 15.0 | 59.2 | 113.0 | 373.7 |
| 1975 | 44.5 | 12.5 | 40.0 | 39.5 | 0.0 | 51.1 | 8.5 | 42.0 | 93.0 | 145.1 |
| 1976 | 0.0 | 56.5 | 58.5 | 88.1 | 0.0 | 164.6 | 21.6 | 52.0 | 80.1 | 361.2 |
| 1977 | 44.0 | 22.0 | 101.5 | 44.2 | 0.0 | 173.0 | 32.7 | 61.5 | 178.2 | 300.7 |
| 1978 | 78.2 | 85.0 | 93.8 | 0.0 | 32.0 | 140.7 | 162.8 | 149.5 | 366.8 | 375.2 |
| 1979 | 12.0 | 141.0 | 102.0 | 491.0 | 19.0 | 117.0 | 176.5 | 169.8 | 309.5 | 918.8 |
| 1980 | 38.8 | 45.9 | 222.0 | 233.0 | 10.0 | 36.2 | 88.0 | 316.0 | 358.8 | 631.1 |
| 1981 | 15.0 | 14.0 | 175.0 | 27.0 | 57.0 | 147.1 | 254.0 | 346.5 | 501.0 | 534.6 |
| 1982 | 61.0 | 151.0 | 33.0 | 90.0 | 74.0 | 159.6 | 206.8 | 40.6 | 374.8 | 441.2 |
| 1983 | 69.0 | 95.2 | 338.1 | 160.5 | 117.0 | 131.0 | 46.2 | 424.2 | 570.3 | 810.9 |
| 1984 | 84.0 | 32.9 | 149.8 | 151.5 | 75.0 | 427.8 | 191.2 | 28.6 | 500.0 | 640.8 |
| 1985 | 42.0 | 150.0 | 218.5 | 175.0 | 37.2 | 292.0 | 86.9 | 163.8 | 384.6 | 780.8 |
| 1986 | 160.6 | 19.5 | 500.0 | 290.3 | 110.0 | 120.0 | 794.5 | 150.0 | 1565.1 | 579.8 |
| 1987 | 130.5 | 61.8 | 692.0 | 429.0 | 176.6 | 559.6 | 325.0 | 64.0 | 1324.1 | 1114.4 |
| TOTAL | 790.6 | 918.0 | 2775.2 | 2382.6 | 770.1 | 2857.7 | 2429.7 | 2173.7 | 6765.6 | 8332.0 |

Source: The World Bank, Addressing the Urban Challenge, March 1988

Footnotes:
(1) Europe, Middle East, and North Africa

(2) Latin America and Caribbean

(3) The FY86 figures are in some sense distorted in that they include a US $400 million emergency loan to Mexico. (Other emergency loans have been much smaller and, therefore, they do not distort the timetrends to the same extent as the Mexico project).

Table 2

Trends in Sectoral Lending, IBRD and IDA
Fiscal Years 1985-1987
(percentages)

| SECTOR | 1985 | | | 1986 | | | 1987 | | |
|---|---|---|---|---|---|---|---|---|---|
| | IBRD | IDA | Total | IBRD | IDA | Total | IBRD | IDA | Total |
| Agriculture and Rural Development | 21.0 | 44.9 | 26.1 | 28.5 | 32.3 | 29.3 | 13.7 | 28.2 | 16.6 |
| Development Finance Companies | 4.5 | 2.0 | 3.9 | 10.1 | 4.0 | 8.9 | 15.5 | 2.7 | 13.0 |
| Education | 4.5 | 13.6 | 6.5 | 4.4 | 8.0 | 5.1 | 1.2 | 7.6 | 2.5 |
| Energy | | | | | | | | | |
| Oil, Gas, and Coal | 10.5 | 4.5 | 9.3 | 1.6 | 0.6 | 1.4 | 4.3 | 2.4 | 3.9 |
| Power | 19.1 | 2.6 | 15.6 | 18.4 | 11.6 | 17.1 | 20.1 | 4.6 | 17.1 |
| Industry | 5.6 | 0.3 | 4.5 | 5.7 | 2.0 | 5.0 | 2.? | 0.2 | 2.4 |
| Nonproject | 3.8 | 6.4 | 4.4 | 6.8 | 13.4 | 8.1 | 12.6 | 18.6 | 13.8 |
| Population, Health, and Nutrition | 1.4 | 1.0 | 1.3 | 1.3 | 8.1 | 2.6 | 0.2 | 0.6 | 0.3 |
| Small-scale Enterprises | 4.9 | 0.2 | 3.9 | 2.0 | 0.3 | 1.7 | 2.9 | 0.5 | 2.4 |
| Technical Assistance | 0.4 | 2.2 | 0.8 | 0.5 | 2.5 | 0.8 | 0.1 | 2.6 | 0.6 |
| Telcommunications | 0.5 | 2.0 | 0.8 | 0.2 | 0.8 | 0.3 | 4.6 | 0.8 | 3.9 |
| Transportation | 16.4 | 9.0 | 14.9 | 9.5 | 7.8 | 9.2 | 8.1 | 17.2 | 9.9 |
| Urban Development | 1.8 | 5.9 | 2.7 | 7.2 | 5.5 | 6.8 | 8.7 | 6.7 | 8.0 |
| Water Supply and Sewerage | 5.5 | 5.2 | 5.4 | 3.8 | 3.1 | 3.7 | 5.0 | 7.4 | 6.0 |
| TOTAL | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

Source: The World Bank, Addressing the Urban Challenge, March, 1988

Support for Urban Development Projects

The Inter-American Development Bank was the first of the international lending institutions to provide financing in housing and urban development sector. Initial efforts involved supporting the financing of credit for housing of low-income families. This initial program was discontinued in 1971 because the intended beneficiaries could not afford to pay the subsidized mortgages. Since 1971, financing for sites and services projects has largely replaced direct support for housing, and the Bank's overall lending in the sector has been reoriented towards urban planning and integrated urban development.

On a cumulative basis to the end of 1986, the IDB has approved loans worth a total of U.S. $1.4 billion to help finance approximately 87 urban development projects. This represents a larger number of urban development projects than have been supported by the World Bank in the region, and IDB financing is equivalent to about 75% of World Bank urban development financing in the region.

A capsule summary of the 87 urban development projects supported to date by the IDB is given by the Bank's 1986 annual report: "These loans have helped to build 408,416 housing units along with urban and community facilities. Among the latter, 89 communities with 112,057 inhabitants have already benefited from improved sanitation projects; 13 bus terminals have been completed and another 7 are under construction; 205,240 persons have been provided with electricity; 42 city markets have been built; 62,206 persons have benefited from a variety of improved social services, including health, school, community services and facilities for senior citizens; 26,557 sites and services in 139 communities have been provided for home construction; institutions have been strengthened, and personnel have been trained".

In 1986, the IDB approved U.S. $289 million in loans for 6 urban development projects. This level of financing represents 4.1% of loan approvals for the year, and equals the average urban development share of IDB loans since 1961.

The outlook for IDB-financed urban development projects over years 1988 and 1989 suggests a possible downturn from the level of financing exhibited in 1986. Urban projects in the project pipeline at the end of 1987, and for

which approval is expected during years 1988 and 1989 included three loans and five technical cooperation projects, with combined financing requirements of U.S. $113 million. This suggests that IDB loan and technical cooperation approvals for urban development may be in the order of U.S. $55 million per year over the next two years, although other projects may evolve during the period.

### 3.1.4 Asian Development Bank

Agency Description and Purpose

The Asian Development Bank (ADB) is a multilateral development bank owned by 47 member countries and based in Manila, Philippines. The ADB was founded in 1966 to promote the economic and social progress of its 28 developing member countries in Asia and the South Pacific. The area served by the Bank is the most populous and fastest growing region in the world. The Bank's operations cover the entire spectrum of economic development, with particular emphasis on agriculture, rural development, energy and social infrastructure.

The ADB administers two funds from which it extends loans to its developing member countries. About 68% of financing is from Ordinary Capital Resources, and comprises interest-bearing, non-concessional loans. The remaining financing is extended on a concessional basis from the Asian Development Fund. The Bank also administers a Technical Assistance Special Fund used to provide technical assistance on a grant basis. Since the Bank's inception, approximately 8% of financing has been in support of technical assistance activities.

Asian Development Bank financing is generally extended only to governments (not the private sector) to help meet the foreign exchange costs of development projects. It is a condition of the loans that all ADB member countries are eligible to compete for procurements made under the loans. Procurements made under ADB loans are undertaken by the borrowing countries and not by the Bank. The Bank does, however, directly select consultants who are engaged on technical assistance projects.

Support for Urban Development Projects

On a cumulative basis to the end of 1986, the Asian Development Bank has approved loans worth a total of U.S. $536 million to help finance

approximately 13 urban development projects in Asia and the South Pacific. This level of activity represents roughly one-quarter of the financing and one-third the number of urban development projects supported by the World Bank in the region.

The recent record of urban development sector approvals by the ADB shows a possible lessening in activity. In 1985, the ADB approved financing of U.S. $215 million for three projects. In 1986, approvals were down to U.S. $55 million for one project. And in 1987, no loans were approved in the sector, although studies and project preparatory work were carried out.

The outlook for ADB-financed urban development projects over years 1988 and 1989 suggests that the downturn in urban activity experienced in 1986 may persist through these years. Urban projects in the project pipeline in the spring of 1988, and for which approval is expected during years 1988 and 1989 include four loans with combined financing requirements of U.S. $170 million, and six technical cooperation projects for which financing requirements are not known. This suggests that ADB loan and technical cooperation approvals for urban development may be in the order of U.S. $90 million per year over the next two years.

Table A-2 in Appendix A provides a summary of proposed urban projects under consideration by the ADB as at May 1988.

### 3.1.5 United Nations Development Program

Agency Description and Purpose

The United Nations Development Program (UNDP) is the program through which United Nations financing is provided for development projects in fields essential to the technical, economic, and social development of less-developed countries. The UNDP was formed in 1965 through the merger of two UN programs: the Expanded Program of Technical Assistance and the Special United Nations Fund for Economic Development. Projects which are funded by the UNDP are generally directed to the poorest countries, providing technical assistance, surveys, project pre-evaluation, and feasibility studies.

The UNDP's financial resources in 1986 were U.S. $1.03 billion, derived mainly through voluntary contributions from the governments of developed countries. Total project expenditures in 1986 were U.S. $689 million,

representing a 20% increase from the previous year. Assistance provided by the organization is largely in the form of grants. As of September 1986, the UNDP had offices in 112 countries to administer a total of 4,930 active projects with combined UNDP financing of U.S. $3.0 billion.

Support for Urban Development Projects

In September 1986, the UNDP had a total of 101 active projects which were classified as Human Settlements projects. Fifty-six of these were sub-classified under "Settlements Planning" and the remaining 45 under "Housing and Infrastructure". The UNDP share of total financing for these projects was U.S. $52 million, representing 66% of the total project costs. Human settlements projects accounted for 2.0% of the number and 1.7% of financing of UNDP projects which were active in September 1986.

During 1986, 18 human settlements projects were approved with a combined UNDP financial commitment of U.S. $5.1 million. Of these projects, six were expected to be completed in 1986, nine in 1987, one in 1988, and two in 1989. These data suggest a possible shift away from longer-term major projects on the part of the UNDP, in light of the fact that eleven or more of the projects approved in each of years 1981 through 1985 were still active in 1986. The annual amount of project funding approvals has varied considerably from year to year, with amounts in the range of U.S. $5 million to $15 million.

Data for 1987, which corresponds to the International Year of Shelter for the Homeless (IYSH), are not available. However, it is expected that the IYSH may have stimulated UNDP activity in the human settlements sector. As the IYSH is a UN-initiated event intended as a program of action to the year 2000, it is expected that increased UNDP involvement in the housing sector will occur in future years.

The executing agency for almost all UNDP human settlements projects is the United Nations Centre for Human Settlements (UNCHS or Habitat), based in Nairobi, Kenya. UNCHS is the second UN agency to have its headquarters in a developing country. UNCHS was designed to coordinate and harmonize human settlements in the United Nations system, and combines in one organization all of the activities in the field of human settlements which were previously scattered throughout the UN system.

The programs of UNCHS are organized in eight subject areas and three divisions. The subject areas, which reflect current needs in the sector, are:

1. Settlements policies and strategies
2. Settlements planning
3. Shelter and community services
4. Development of the indigenous construction sector
5. Low-cost infrastructure for the sector
6. Land
7. Mobilization of finance for development in the sector
8. Human settlements institutions and management.

The three operational divisions of UNCHS are: Research and Development, Technical Cooperation, and Information, Audio-Visual and Documentation. UNCHS's role as an executing agency for projects funded by the UNDP and other agencies is carried out largely by the technical cooperation division. The information division, with seven offices world-wide (including Vancouver), provides for dissemination and exchange of information and research findings in the field of human settlements.

It should be noted that some UNCHS projects are executed and administered by the World Bank, which assumes responsibility in those cases for consultant selection.

### 3.1.6 Other Agencies

Numerous other groups, organizations and agencies are involved to some extent with housing and urban development in the Third World. However, these other groups do not currently offer the same scale of opportunities for Albertan and Canadian businesses as the agencies described in preceding sections. For additional broad-based information on other involved groups, UNCHS publishes the Habitat Directory, which is an index of 1,784 institutions and organizations which are involved in the field of human settlements. The index describes the institutions by subject coverage, name of institution, category of institution, geographic coverage, and acronym.

Two institutions merit special mention: the bilateral aid agencies of Canada and the United States. The United States Agency for International Development (USAID) has programs directed towards housing and urban development, but also has policies for the preferential procurement of U.S. goods and services. The Canadian International Development Agency

(CIDA) does not have a housing and urban development division, but does promote and fund certain international urban development activities of Canadian organizations.

Of the other agencies providing development assistance for housing and urban development, USAID is believed to be the largest. Based in Washington D.C., USAID annual assistance to the sector is expected to be U.S. $100 million in fiscal year 1988, representing 1.3% of US bilateral assistance to developing countries. Financing is mainly administered through USAID's Housing Investment Guarantee Program (HIG), which finances a range of infrastructure and services projects, including slum and squatter settlement upgrading, site preparation, provision of services, core housing, and community facilities. It is however considered highly unlikely that Canadian firms will be awarded any contracts under USAID programs, due to the national preferences inherent to all bilateral aid programs.

CIDA is responsible for the administration of a large share of Canada's Official Development Assistance (ODA) budget, which amounted to CDN $2.52 billion in 1987. Excluding administrative costs, the ODA budget is expended in support of three broad categories of assistance: multilateral (38%), bilateral (38%), and special programs (24%). Multilateral assistance consists of contributions to multilateral organizations which include the organizations described earlier in this report as well as international financial institutions and United Nations organizations. Bilateral assistance consists of government-to-government contributions of technical assistance, goods, and food. Special programs consist of funding grants for Canadian Non-Governmental Organizations, the International Development Research Centre, and other miscellaneous programs and organizations.

While Canada's ODA budget does support projects for housing and urban development, CIDA's involvement in the sector has been modest and supported projects are generally administered by other agencies. CIDA's bilateral assistance programs, through which CIDA makes direct disbursements to Canadian firms for development-related services and goods, is largely directed towards sectors which do not include housing and urban development. Discussions with CIDA representatives in 1987 revealed that CIDA is unlikely to materially increase its bilateral support for housing and urban development in the short term.

The report Canadian Contributions: Case Histories of Shelter-Related Initiatives Relevant to Developing Countries, (Sept 1987) suggests that CIDA increase its focus on urban issues. The report further notes that CIDA's recent support of the Federation of Canadian Municipalities' Fourteen Coastal Cities Program in China represents a potentially strong first step in addressing urban management problems, and that it should be carefully monitored.

References to CIDA's involvement in the urban sector are included in two of its recent publications and are cited below[1]:

Costa Rica Rural Housing

> Through the sale of Canadian fertilizers provided on a grant basis, a local fund was established which now finances the construction of rural housing at low interest. As of April 1, 1987, the program had approved funding for nearly 1,300 houses. Another 1,000 houses are expected to be approved in the coming year. Canada's committed support totals $25 million to date.

Colombia Self-Help Housing

> With the assistance of the Royal Architectural Institute of Canada, CIDA is providing support to a self-help housing movement. The local organization also sells materials at wholesale prices to more than 200 low income communities.

El Salvador Local Development

> Through the local sale of Canadian fertilizer, a fund has been established to be used to assist the poorest and the displaced in such areas as health, education, shelter, micro-businesses, etc.

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1 The sources for the information provided below are: Canadian International Development Agency, Development, Winter 1987/88; and Canadian International Development Agency, Annual Report, 1986/87.

Lesotho Community Development Site and Services

A decade ago, CIDA sponsored a project aimed at helping lower-income families improve the quality of life by providing them with loans for self-help housing. The project also included financial support for the Lower Income Housing Company, which was formed to administer loans and to supervise house-building and the preparation of serviced sites on which lower-income families could put up their homes. Building further on that initial project, an urban upgrading project was designed for other parts of Lesotho, with the objective of providing families with new plots, loans to purchase building materials, as well as to upgrade existing households, town roads, storm drainage, and sanitation facilities.

Management for Change Program

CIDA has encouraged Canadian municipalities to become involved in international development activities and, under its Management for Change Program has assisted both the Federation of Canadian Municipalities and the Canadian Association of Municipal Administrators in their efforts to increase their involvement. Activities for which CIDA approved support during 1986/87 include the establishment of an international office for the Federation of Canadian Municipalities, the setting-up of an exchange program between the professional and technical staff of Canadian and Third World municipalities, the initial planning phases of a $7.8 million project to assist the economic development of 14 Chinese coastal trading cities, and the funding of an international symposium in Vancouver on municipal aid and trade. It is anticipated that practical assistance provided on a municipal twinning basis will also become a significant component of the Africa 2000 program.

A number of FCM-sponsored exchanges have taken place between Canadian and Third World cities, including: Quebec and Dakar, Senegal; Vancouver and Guangzhou, China; Moose Jaw and Tema, Ghana; Hamilton and Mangalore, India; and Regina and Pereira, Colombia. Such exchanges have shown

the potential for a whole series of short or long-term technical cooperation partnerships.

Rooftops Canada Foundation

Together with the Cooperative Union of Canada, CIDA provides funding to the Rooftops Canada Foundation, whose objective is to provide effective aid to the poorest people in slums and shanty-towns around the world through direct people-to-people links. Rooftops informs Canadian housing cooperative members about shelter issues in the Third World and raises funds to assist community-based housing projects in developing countries.

Rooftops has:

- produced a bulletin, Shelter News, which informs the public about available information and resources. A guide to Canadian organizations active in shelter issues at home and in developing countries will be made available through the Canada Mortgage and Housing Corporation.
- organized seminars on the role of non-governmental organizations (NGOs) in Third World shelter programs.
- taken a leading role in planning the international component of the Canadian Conference to Observe the International Year of Shelter for the Homeless.

Support to United Nations Centre on Human Settlements

Canada supports UNCHS through contributions to the United Nations, and also by covering the costs of the UNCHS regional office for North America and the Caribbean, which recently moved from Vancouver to Toronto's York University. Canada also made a special contribution to help with events to observe the International Year of Shelter for the Homeless during 1987.

Symposium of Francophone Mayors

In April 1987, the International Association of Mayors Responsible for Capital Cities or Metropolises Partially or Entirely French-Speaking (IAMF) met in Quebec City to share their concerns and successes in municipal administration. Since 1979, IAMF has met every year with the objective of learning from the experience and know-how of municipal directors, managers and technicians. The symposium themes touch on everyday issues: land use, management of municipal services, tax collection, and waste disposal. The ensuing discussions often lead to project ideas and commitments put forward by cities of developed and developing countries.

The most recent conference, to which CIDA contributed $175,000, was based on cities' needs for reliable socio-economic data. The objectives were to:

- provide a framework to highlight the important role of information management in municipalities;
- promote computer science application and computer-aided surveying techniques; and,
- exchange ideas on the prerequisites for technology transfer between member municipalities.

In the Third World, many large cities know the serious problem presented by uncontrolled growth. This accelerated urbanization results not only from the steady influx of rural people, but even more so from high urban birth rates. Existing infrastructure cannot respond to the increased demand and often develops in a chaotic and unsatisfactory way. Overrun by squatter settlements, the cities of the Third World see their budgets heavily burdened and have little up-to-date data on their population. This poses an enormous challenge for municipal administrators who must make decisions about land use and offer basic services to the new inhabitants.

Information management could be of great importance in helping the cities of developing countries manage their growth. Workshops and displays at the Quebec conference showed that, by establishing effective systems of gathering and analyzing data, municipal officials may be able to find practical solutions to their urban management problems.

## 3.2 TYPES OF URBAN PROJECTS

The categories of projects receiving support under development assistance programs for urban development reflect the needs and objectives of urban development. The broad objective in urban development is the equitable provision of urban services, including shelter, infrastructure, transport, and social services. A related objective is to shift the financial burden for urban development from the public sector to the private sector and the urban population itself.

Secondary objectives for urban development programs were first formulated in the World Bank's Urbanization Sector Working Paper, (1972).

- To demonstrate low-cost technical solutions for shelter, infrastructure, and transport, which the urban population could afford and which could be improved over time.
- To demonstrate that it was possible to provide services for most of the urban poor on a non-subsidized basis.
- To demonstrate the feasibility of comprehensive urban planning and investment procedures suited to rapidly changing urban conditions.
- To demonstrate the replicability of projects incorporating these objectives, that is, the ability of such projects to be self-financing and self-sustaining and thus to be extended or reproduced elsewhere.

Traditionally, there have been three general categories of urban development projects: shelter, urban transport, and integrated (multi-sectoral) projects. During the period 1972 to 1982, shelter projects accounted for 58% of the number of projects funded by the World Bank in the urban sector and 42% of total sector financing. Over the same period, transport projects accounted for 16% of the number of projects and 21% of total financing.

Shelter projects are typically divided into the sub-categories of slum-upgrading projects, and sites and services projects. Slum-upgrading projects are characterized by improvements made to existing communities having inadequate or substandard housing and services. Sites and services projects aim to provide serviced sites on which individuals construct their own homes. Common to both sub-categories are provision of land tenure, access to loans to pay for upgrading, and basic infrastructure including water, sewer, electricity, drainage, roads, and footpaths.

Urban transport projects include efforts to improve urban traffic management, to upgrade bus and rail service in cities, and to improve roads and pedestrian walkways.

Integrated (multi-sector) projects have included various combinations of components dealing with shelter and transport as well as business support, solid-waste management, health, nutrition, and education. Such projects have included both single- and multi-city, and regional development schemes. The rationale for integrated projects is that complementary investments are likely to have a greater impact on development than more narrow sub-sector projects.

The level of funding made available by the World Bank for urban development projects has steadily increased since 1972 as experience has been gained in the sector. About half of the programs undertaken in years 1982 through 1986 consisted of repeater projects which built on the experience of previous projects. A review of the 39 urban development projects under consideration by the World Bank at the end of 1987, for which loan approvals are expected over the next two years, suggests a similar proportion of repeater projects.

In more recent years, the types of urban projects funded by the Bank have increasingly departed from the three traditional categories of shelter, transport, and integrated schemes. New projects are often concerned with issues of institutional strengthening, housing finance, and urban management. These types of projects now account for perhaps one-half of World Bank projects.

Institutional strengthening involves assistance toward increasing the ability of local municipal or regional governments to operate and maintain local infrastructure and services, generate local revenues, plan investments, and manage local finances. Most of the World Bank urban projects approved in

fiscal year 1986, as well as those under consideration in the fall of 1987, have significant institutional components. Institutional strengthening is closely related to two other areas of increasing attention: housing finance and urban management.

Projects which deal with housing finance are generally aimed at the support of local financial institutions and private sector participants involved with housing. There is a view that available public sector (and foreign aid) funds are small compared with the need for housing-related credit, and that an important objective should be to create conditions in which local housing markets can work efficiently. Ongoing research and pilot projects in the area of housing finance address possible reforms in the areas of interest rates, subsidies, and the efficiency of lending operations. These projects are complemented by work and reforms in the areas of land administration, building regulations, infrastructure, and rent control laws, all of which affect the efficiency of local housing markets.

Urban management issues very closely parallel those related to institutional support but involve a broader scope and include research activities. Urban management and institutional support are both concerned with cities' abilities to operate and maintain investments.

June 1987 saw the start of implementation of a four-year inter-regional urban management project by UNCHS in conjunction with the World Bank, with funding by the UNDP. The project is intended to promote improved urban policies, programs, and practices, by means of applied research and inter-regional technical assistance activities. This project gives an indication of the current urban management issues which are actively being pursued at the date of this report. The three focus areas of the project are:

1) Land systems, including land tenure, land rights, land-use policies, land markets, management of public land, and design of affordable land information systems.
2) Local infrastructure, with particular emphasis on operations and maintenance, plus investment policy and planning issues for essential works and services.
3) Municipal finance, with attention to instruments to raise revenues and the allocation and management of local finances.

The changing focus of Bank activities in the urban sector provides a key to the kinds of export opportunities that may be available to Alberta firms.

## 3.3 PROCUREMENT FOR URBAN DEVELOPMENT PROJECTS

This section of the report addresses the nature and geographic source of goods and services procured under aid-supported urban development projects. Tendering and procurement practices are addressed in Section 4. The source information is derived largely from World Bank disbursements data for fiscal years 1983 through 1987.

Table 3 summarizes the funding that the World Bank has devoted to urban development projects in recent years. The data define whether the disbursements have been of a local or foreign nature, or are of undetermined source. Total World Bank disbursements for urban development projects during the five-year period amounted to U.S. $1.8 billion.

It should be noted that during the five-year period for which data are provided, the Bank approved loans totalling U.S. $4.3 billion. There is therefore a substantial lag between approvals and disbursements.

Almost two-thirds of the disbursed funds were devoted to civil works,and the overwhelming proportion of those expenditures accrued to the borrower countries through local procurement.

Disbursements to consultants comprised the second largest category of spending, totalling U.S. $170 million from 1983 to 1987. Half of that amount accrued to consultants from the industrialized donor countries. Other expenditure categories are substantially smaller. For example, outlays for foreign-sourced construction materials during the five-year period totalled U.S. $11.5 million and for machinery and equipment, U.S. $42.7 million.

The figures cited are cumulative expenditures for the period 1983 - 1987. Simple averages can serve as estimates of the annual market for foreign-procured goods, and these are as follows:

| | **Average Annual Foreign Procurement Expenditures, 1983-1987** |
|---|---|
| Civil works | U.S. $ 9.2 million |
| Consultants | 17.1 million |
| Construction | 2.3 million |
| Mechanical Machinery & Equipment | 3.5 million |
| Electrical Machinery & Equipment | 2.1 million |
| Transportation Machinery & Equipment | 2.8 million |
| Agricultural Machinery & Equipment | 0.2 million |

Detailed disbursements data are not available from the IDB, ADB, and the UNDP. The earlier discussion in Section 3 indicates, however, that these institutions play a more modest role in urban development funding. IDB and ADB loans may amount to roughly U.S. $200 million or more per year in the near term. The estimate for UNDP funding for urban development projects is in the order of U.S. $15 million per year. Taken together, the urban development funding approvals of these agencies are substantially smaller than the contribution to the sector by the World Bank.

Since detailed data for IDB, ADB, and UNDP disbursements are not available, it is difficult to divide their funding into such categories as consultant services, civil workers, and machinery and equipment. Assuming that the breakdown between foreign and local sourcing by category is similar to that for World Bank projects, the estimate of work available to foreign consultants through the IDB and ADB may amount to U.S. $4 million per year at present. It is likely that a sizeable share of UNDP-financing to the sector, which is largely of a technical assistance nature, is attributable to consultants.

At such time as the disbursements of the MDBs "catch up" to loan approval levels, the market for foreign consulting services in the urban sector may reach U.S. $100 million per year.

Table 3

World Bank Disbursements for Urban Development Projects,
by Source of Procurement: Local, Undetermined, and Foreign

Local Sourcing of Procurements, $US

| Type of Disbursement | FY '83 | FY '84 | FY '85 | FY '86 | FY '87 | 5-Year Total FY '83 - '87 | % of Total |
|---|---|---|---|---|---|---|---|
| Civil Works | 185,958,188 | 167,139,832 | 160,006,370 | 230,788,115 | 340,674,928 | 1,084,567,433 | 76.5% |
| Consultants | 15,726,646 | 11,825,703 | 15,939,926 | 15,769,268 | 23,507,361 | 82,768,904 | 5.8% |
| Construction Mtls. | 7,684,348 | 4,979,386 | 5,798,792 | 4,847,972 | 10,899,130 | 34,209,628 | 2.4% |
| Mech. M & E | 871,467 | 2,726,335 | 4,884,517 | 3,433,240 | 7,445,458 | 19,361,017 | 1.4% |
| Elect. M & E | 2,162,723 | 2,279,390 | 3,292,544 | 1,498,055 | 205,487 | 9,438,199 | 0.7% |
| Transp. M & E | 22,242,777 | 6,148,423 | 1,345,235 | 750,665 | 3,727,453 | 34,214,553 | 2.4% |
| Agric. M & E | 0 | 0 | 828,993 | 991,012 | 2,950,849 | 4,770,854 | 0.3% |
| Agricultural Inputs | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Raw Mtl for Industry | 73 | 0 | 51,367 | 18,980 | 0 | 70,420 | 0.0% |
| Educ. Equip & Supp. | 47,960 | 280 | 4,790 | 213,599 | 407,391 | 674,020 | 0.0% |
| Operating Costs | 1,389,114 | 1,172,747 | 1,275,513 | 2,863,800 | 2,743,432 | 9,444,606 | 0.7% |
| Training Costs | 383,121 | 361,168 | 506,161 | 120,048 | 517,804 | 1,888,302 | 0.1% |
| Medical Supplies | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Loan Charges & Fees | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Adv. Disbursements | 8,600,000 | 140,891 | 2,977,444 | 0 | 0 | 11,718,335 | 0.8% |
| Miscellaneous | 22,652,920 | 28,743,950 | 33,342,023 | 19,136,196 | 20,508,698 | 124,383,787 | 8.8% |
| TOTAL | 267,719,337 | 225,518,105 | 230,253,675 | 280,430,950 | 413,587,991 | 1,417,510,058 | 100.0% |

Undetermined Sourcing of Procurements, $US

| Type of Disbursement | FY '83 | FY '84 | FY '85 | FY '86 | FY '87 | 5-Year Total FY '83 - '87 | % of Total |
|---|---|---|---|---|---|---|---|
| Civil Works | 45,273 | 51,086 | (1,595,062) | (156,951) | 302,979 | (1,352,675) | -0.7% |
| Consultants | 216,299 | 503,166 | 1,214,514 | 311,156 | 202,862 | 2,447,997 | 1.3% |
| Construction Mtls. | 0 | 79,425 | 0 | 0 | 0 | 79,425 | 0.0% |
| Mech. M & E | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Elect. M & E | 136,273 | 377,184 | 71,642 | 44,926 | 0 | 630,025 | 0.3% |
| Transp. M & E | 1,292,254 | 7,013 | 33,742 | 0 | 632,947 | 1,965,956 | 1.0% |
| Agric. M & E | 0 | 0 | 66,436 | 0 | 0 | 66,436 | 0.0% |
| Agricultural Inputs | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Raw Mtl for Industry | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Educ. Equip & Supp. | 0 | 0 | 0 | 0 | 59,567 | 59,567 | 0.0% |
| Operating Costs | 0 | 0 | 6,135 | 93,988 | 62,035 | 162,158 | 0.1% |
| Training Costs | 0 | 0 | 23,743 | 18,853 | 59,964 | 102,560 | 0.1% |
| Medical Supplies | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Loan Charges & Fees | 0 | 0 | 0 | 0 | 35,000,000 | 35,000,000 | 18.2% |
| Adv. Disbursements | 1,300,000 | 37,127,219 | 57,648,052 | 53,296,319 | 2,421,305 | 151,792,895 | 79.1% |
| Miscellaneous | 226,672 | 993,889 | 1,496 | (218,697) | 16,646 | 1,020,006 | 0.5% |
| TOTAL | 3,216,771 | 39,138,982 | 57,470,698 | 53,389,594 | 38,758,305 | 191,974,350 | 100.0% |

Table 3 (continued)

World Bank Disbursements for Urban Development Projects,
by Source of Procurement: Local, Undetermined, and Foreign

Foreign Sourcing of Procurements, $US

| Type of Disbursement | FY '83 | FY '84 | FY '85 | FY '86 | FY '87 | FY '83 - '87 | Total |
|---|---|---|---|---|---|---|---|
| Civil Works | 3,389,858 | 6,528,225 | 10,925,877 | 14,722,986 | 10,358,133 | 45,925,079 | 22.9% |
| Consultants | 15,248,838 | 13,818,013 | 16,825,119 | 19,634,049 | 19,830,265 | 85,356,284 | 42.6% |
| Construction Mtls. | 2,653,768 | 956,122 | 607,673 | 3,492,356 | 3,877,753 | 11,587,672 | 5.8% |
| Mech. M & E | 3,415,084 | 4,876,095 | 5,756,115 | 1,937,287 | 1,766,243 | 17,750,824 | 8.9% |
| Elect. M & E | 3,540,465 | 3,106,092 | 1,474,801 | 2,347,918 | 277,613 | 10,746,889 | 5.4% |
| Transp. M & E | 3,088,227 | 1,208,644 | 1,843,800 | 4,092,483 | 3,827,899 | 14,061,053 | 7.0% |
| Agric. M & E | 105,187 | 3,600 | 0 | 41,022 | 873,314 | 1,023,123 | 0.5% |
| Agricultural Inputs | 38,757 | 0 | 0 | 0 | 3,197 | 41,954 | 0.0% |
| Raw Mtl for Industry | 411,782 | 83,207 | 0 | 0 | 0 | 494,989 | 0.2% |
| Educ. Equip & Supp. | 827,549 | 39,361 | 118,403 | 17,717 | 36,768 | 1,039,798 | 0.5% |
| Operating Costs | 133,157 | 39,232 | 129,951 | 294,888 | 323,782 | 921,010 | 0.5% |
| Training Costs | 313,919 | 322,618 | 328,061 | 556,462 | 354,145 | 1,875,205 | 0.9% |
| Medical Supplies | 0 | 0 | 18,629 | 0 | 0 | 18,629 | 0.0% |
| Loan Charges & Fees | 4,568,633 | 1,956,727 | 782,891 | 471,033 | 213,460 | 7,992,744 | 4.0% |
| Adv. Disbursements | 0 | 0 | 0 | 3,590 | 0 | 3,590 | 0.0% |
| Miscellaneous | 155,390 | 130,947 | 219,076 | 1,099,220 | 110,457 | 1,715,090 | 0.9% |
| TOTAL | 37,890,614 | 33,068,883 | 39,030,396 | 48,711,011 | 41,853,029 | 200,553,933 | 100.0% |

Summary of Procurement Sourcing Patterns

| Type of Disbursement | Local Procurement | Undetermined Procurement | Foreign Procurement | Total $US Procurement FY '83 - '87 |
|---|---|---|---|---|
| Civil Works | 96.1% | -0.1% | 4.1% | 1,129,139,837 |
| Consultants | 48.5% | 1.4% | 50.0% | 170,573,185 |
| Construction Mtls. | 74.6% | 0.2% | 25.3% | 45,876,725 |
| Mech. M & E | 52.2% | 0.0% | 47.8% | 37,111,841 |
| Elect. M & E | 45.3% | 3.0% | 51.6% | 20,815,113 |
| Transp. M & E | 68.1% | 3.9% | 28.0% | 50,241,562 |
| Agric. M & E | 81.4% | 1.1% | 17.5% | 5,860,413 |
| Agricultural Inputs | 0.0% | 0.0% | 100.0% | 41,954 |
| Raw Mtl for Industry | 12.5% | 0.0% | 87.5% | 565,409 |
| Educ. Equip & Supp. | 38.0% | 3.4% | 58.6% | 1,773,385 |
| Operating Costs | 89.7% | 1.5% | 8.7% | 10,527,774 |
| Training Costs | 48.8% | 2.7% | 48.5% | 3,866,067 |
| Medical Supplies | 0.0% | 0.0% | 100.0% | 18,629 |
| Loan Charges & Fees | 0.0% | 81.4% | 18.6% | 42,992,744 |
| Adv. Disbursements | 7.2% | 92.8% | 0.0% | 163,514,820 |
| Miscellaneous | 97.8% | 0.8% | 1.3% | 127,118,883 |
| TOTAL | 78.3% | 10.6% | 11.1% | 1,810,038,341 |

Source: Derived from custom tabulations provided by The World Bank

## 3.4 MARKET PENETRATION BY CANADIAN AND ALBERTAN BUSINESSES

Canada appears to have an undistinguished record in terms of securing its part of the goods and services acquired under aid-supported urban projects in foreign countries. Table 4 indicates that the World Bank disbursed U.S. $6 million to Canadian suppliers between 1983 and 1987, or an average of U.S. $1.2 million per year. That amount equals about 0.3% of the foreign disbursements by the Bank in the urban sector during that period. Table 5 concentrates on the foreign-sourced consulting services and shows that Canadian firms received an average of U.S. $700,000 per year through World Bank funding during the five-year period. Performance improved in the latter part of the period, and the Canadian share of consulting revenues in 1986 and 1987 exceeded U.S. $1 million per year. Virtually all of the disbursements to Canada in the sector related to consulting services.

No data are available regarding Canada's share of IDB, ADB, and UNDP disbursements in respect to urban projects. Again, assuming that Canada captures a similar proportion of consulting contracts as it does in respect to the World Bank, the annual market for Canadian consultants would be perhaps U.S. $200,000. These figures may be optimistic considering that the ADB is located in Manila and the UNCHS in Nairobi. These locations make business development very expensive, compared with the cost of bidding on projects supported by the Washington-based World Bank and IDB.

In summary, the existing penetration of Canadian-based consultants in the Third World housing sector via the major development agencies is estimated at U.S. $1.2 million annually. The provision of other Canadian goods and services to the sector is considered to be very small.

It has been estimated earlier that the market for foreign consulting services through projects funded by the international agencies could reach U.S. $100 million annually within a few years. It would be very realistic to expect that Canadian consultants could achieve revenues of U.S. $3 million to $4 million in this market, and possibly more through appropriate market development initiatives.

Table 4

World Bank Disbursements to Canada for Urban Development Projects, $US

| Type of Disbursement | FY '83 | FY '84 | FY '85 | FY '86 | FY '87 | 5-Year Total FY '83 - '87 | % of Total |
|---|---|---|---|---|---|---|---|
| Civil Works | 0 | 0 | 0 | 188,013 | 0 | 188,013 | 3.1% |
| Consultants | 571,583 | 687,763 | 292,336 | 1,170,093 | 1,024,807 | 3,746,582 | 61.7% |
| Construction Mtls. | 0 | 8,815 | 26,140 | 0 | 0 | 34,955 | 0.6% |
| Mech. M & E | 0 | 33,604 | 115,317 | 0 | 0 | 148,921 | 2.5% |
| Elect. M & E | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Transp. M & E | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Agric. M & E | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Agricultural Inputs | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Raw Mtl for Industry | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Educ. Equip & Supp. | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Operating Costs | 82,265 | 0 | 0 | 0 | 0 | 82,265 | 1.4% |
| Training Costs | 244 | 0 | 0 | 0 | 0 | 244 | 0.0% |
| Medical Supplies | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Loan Charges & Fees | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Adv. Disbursements | 0 | 0 | 1,817,190 | 0 | 0 | 1,817,190 | 29.9% |
| Miscellaneous | 52,034 | 0 | 0 | 370 | 0 | 52,404 | 0.9% |
| TOTAL | 706,126 | 730,182 | 2,250,983 | 1,358,476 | 1,024,807 | 6,070,574 | 100.0% |

Source: Derived from custom calculations provided by The World Bank

Table 5

World Bank Disbursements for Foreign Procurement of Consulting and Specialist Services for Urban Development Projects, by Country, $US

| Supplying Country | FY '83 | FY '84 | FY '85 | FY '86 | FY '87 | 5-Year Total FY '83 - '87 | % of Total |
|---|---|---|---|---|---|---|---|
| United Kingdom | 4,686,366 | 3,132,603 | 3,303,720 | 4,443,094 | 3,982,263 | 19,548,046 | 22.9% |
| France | 1,712,345 | 2,204,147 | 4,253,962 | 5,398,361 | 4,444,929 | 18,013,744 | 21.1% |
| United States | 2,624,926 | 2,395,783 | 3,712,702 | 2,891,622 | 5,975,205 | 17,600,238 | 20.6% |
| Netherlands | 834,063 | 813,873 | 699,784 | 1,327,070 | 1,639,762 | 5,314,552 | 6.2% |
| Australia | 1,471,614 | 1,349,581 | 661,857 | 421,145 | 384,234 | 4,288,431 | 5.0% |
| Canada | 571,583 | 687,763 | 292,336 | 1,012,667 | 1,024,807 | 3,589,156 | 4.2% |
| Germany, Federal Republic of | 546,232 | 277,976 | 732,332 | 1,149,959 | 162,048 | 2,868,547 | 3.4% |
| Denmark | 616,605 | 398,105 | 310,431 | 529,879 | 498,625 | 2,353,645 | 2.8% |
| Switzerland | 0 | 563,270 | 436,433 | 297,358 | 11,091 | 1,308,152 | 1.5% |
| Cote D'Ivoire | 42,385 | 211,100 | 935,258 | 81,159 | 0 | 1,269,902 | 1.5% |
| Belgium | 7,968 | 710,851 | 228,503 | 146,166 | 142,361 | 1,235,849 | 1.4% |
| Peru | 0 | 0 | 0 | 951,513 | 0 | 951,513 | 1.1% |
| Philippines | 279,429 | 220,821 | 209,156 | 33,057 | 60,868 | 803,331 | 0.9% |
| Norway | 436,609 | 183,761 | 105,809 | 65,701 | 0 | 791,880 | 0.9% |
| Turkey | 0 | 0 | 0 | 161,214 | 488,133 | 649,347 | 0.8% |
| Yugoslavia | 557,542 | 0 | 0 | 19,958 | 0 | 577,500 | 0.7% |
| Brazil | 0 | 51,229 | 0 | 12,214 | 417,585 | 481,028 | 0.6% |
| Hong Kong | 225,659 | 66,207 | 3,185 | 178,572 | 0 | 473,623 | 0.6% |
| India | 160,598 | 959 | 19,417 | 38,754 | 107,950 | 327,678 | 0.4% |
| Mali | 82,714 | 99,629 | 88,661 | 11,211 | 18,081 | 300,296 | 0.4% |
| Egypt, Arab Republic of | 18,407 | 23,242 | 173,214 | 60,636 | 0 | 275,499 | 0.3% |
| Sweden | 0 | 12,315 | 24,975 | 0 | 204,660 | 241,950 | 0.3% |
| Italy | 0 | 0 | 50,390 | 105,895 | 77,680 | 233,965 | 0.3% |
| Jordan | 0 | 0 | 194,927 | 28,478 | 0 | 223,405 | 0.3% |
| Nicaragua | 0 | 54,871 | 70,710 | 33,794 | 18,444 | 177,819 | 0.2% |
| Austria | 0 | 0 | 71,302 | 103,382 | 0 | 174,684 | 0.2% |
| Chile | 0 | 69,583 | 71,939 | 11,130 | 0 | 152,652 | 0.2% |
| Yemen Arab Republic | 135,393 | 0 | 0 | 9,370 | 5,939 | 150,702 | 0.2% |
| Indonesia | 29,898 | 23,940 | 30,709 | 24,095 | 0 | 108,642 | 0.1% |
| Burkina Faso | 0 | 106,790 | 0 | 0 | 0 | 106,790 | 0.1% |
| New Zealand | 56,932 | 29,297 | 0 | 0 | 0 | 86,229 | 0.1% |
| Lebanon | 83,741 | 0 | 0 | 0 | 0 | 83,741 | 0.1% |
| Kenya | 20,105 | 0 | 27,145 | 0 | 27,242 | 74,492 | 0.1% |
| Finland | 0 | 0 | 74,156 | 0 | 0 | 74,156 | 0.1% |
| Korea, Republic of | 0 | 58,408 | 0 | 0 | 0 | 58,408 | 0.1% |
| Liberia | 0 | 0 | 0 | 16,345 | 32,715 | 49,060 | 0.1% |
| Haiti | 0 | 5,500 | 0 | 0 | 38,778 | 44,278 | 0.1% |
| Senegal | 0 | 0 | 0 | 35,709 | 3,607 | 39,316 | 0.0% |
| South Africa | 0 | 0 | 15 | 0 | 39,280 | 39,295 | 0.0% |
| Thailand | 21,626 | 0 | 5,604 | 9,764 | 0 | 36,994 | 0.0% |
| Columbia | 2,629 | 16,745 | 5,991 | 0 | 3,346 | 28,711 | 0.0% |
| Israel | 6,820 | 18,020 | 0 | 0 | 0 | 24,840 | 0.0% |
| Japan | 6,782 | 14,145 | 0 | 0 | 0 | 20,927 | 0.0% |
| Costa Rica | 0 | 0 | 0 | 20,070 | 0 | 20,070 | 0.0% |
| Nigeria | 0 | 17,275 | 0 | 0 | 0 | 17,275 | 0.0% |
| Ecuador | 0 | 0 | 11,662 | 4,705 | 0 | 16,367 | 0.0% |
| Ghana | 0 | 0 | 0 | 0 | 15,403 | 15,403 | 0.0% |
| Other | 9,865 | 225 | 18,836 | 0 | 5,228 | 34,154 | 0.0% |
| TOTAL | 15,248,836 | 13,818,014 | 16,825,121 | 19,634,047 | 19,830,264 | 85,356,282 | 100.0% |

Source: Derived from custom tabulations provided by The World Bank

# 4. TENDERING AND PROCUREMENT PRACTICES

From the perspective of overall Canadian market opportunity in the urban sector, it would appear that World Bank-financed projects, combined possibly with those of the UNDP, offer the preferred avenue of initial focus. The Inter-American Development Bank and Asian Development Bank have a relatively small level of involvement in the sector by comparison, and present more difficult marketing challenges in terms of geography and business development costs. CIDA's participation in the urban development field is insignificant at present.

In general, the tendering and procurement of goods and services for projects financed by the World Bank and other multi-lateral agencies are open to firms and individuals of the member countries of those organizations. Canada is a member of the World Bank (as well as the U.N., IDB, and ADB) and accordingly firms from this country are eligible to bid on all of its projects.

The actual procurement of goods and services is normally conducted by the borrower or grant recipient. The lending institution offers guidelines for the selection of suppliers, but the recipient country makes the selection. Selection criteria for goods and materials require a competitive bidding process, and the lowest evaluated bid will normally be successful.

With regard to consulting services--the area of greatest promise for Canadian and, more specifically, Alberta suppliers--the procurement process is somewhat different and is not based on a lowest-price tendering basis. Demonstrated competence and qualification for the type of professional services required are the primary criteria for selection. The lending agencies suggest that in selecting a consultant, a major emphasis be placed on the personnel to be assigned to the proposed project.

The need for consultants in a particular project is considered at the time of appraisal of a project or subsequently as circumstances warrant. The lending organizations may require borrowers to engage consultants and, in those cases, assign responsibility to the borrower for the selection, engagement, and supervision of the consultants. However, the lending

agencies must be satisfied that the responsibilities to be assigned to the consultants are adequately defined, that the consultants are competent for the assignment, that the conditions of their contract are satisfactory, and that the contract is duly performed.

The involvement of the funding organization in the selection and engagement of consultants is determined in each case by agreement between the organization and the borrower, but can include:

- collaboration with the borrower in the preparation of terms of reference;
- assistance in the development of a preliminary list of firms with apparent expertise in the required area;
- assistance in the development of a "short-list" of firms who are invited to submit proposals;
- assistance in the evaluation of proposals;
- assistance in contract negotiations.

The general concensus from the interviews carried out by the study team in the World Bank organization is that the Bank's role in the selection of consultants for urban projects is high relative to its role in respect to other sector lending. This is due in part to the specialized nature of the services required and the unfamiliarity of many borrowers with firms providing such services and, perhaps, the limited use of these types of consultants by borrowers in the past. Accordingly, it is important that prospective consultants be registered properly with the lending organizations and make themselves known to project and technical staff working in the urban sector. Similarly, the consultants should also indicate their interest and capability to the appropriate executing organizations in the recipient country, although this can be difficult in view of the number of individuals and organizations that may be involved in the more complex urban projects.

Consultants can also identify specific forthcoming projects and express their interest to both the lending organization and recipient organizations. These future projects can be identified through periodic contact with the lending organizations, subscription to, and appropriate follow-up of, the operational information published by those organizations, collaboration or association with firms in the recipient countries who are in a position to search out upcoming projects, and contact with relevant overseas municipal and state housing and urban authorities who are logical candidates to require technical assistance.

Over time, it will become increasingly important for consulting firms to establish collaborative arrangements with local firms in the developing countries. This potential for knowledge transfer is considered to be important in the consultant selection process and provides an opportunity to deliver some services that are within the capability of the recipient country at a much more competitive cost. The use of local consultants may also provide benefits to the external consultants in terms of language capability, knowledge of local customs and procedures, and network contacts.

The need for technical assistance in urban projects often involves several specialized disciplines and there is a preference by the borrowers to "package" these under a very limited number of separate contracts. This reduces the administrative and management demands on the borrower. However, this tendency favours the larger firms, who may draw on specialized sub-consultants or organize consortia of complementary consulting firms and individuals.

The discussion above has concentrated on the use of consultants by the borrowers, but the multi-lateral agencies also rely on consultants from time to time to provide technical assistance activities which are financed from their internal resources or which, although financed by another institution, are executed by the agency on behalf of such other institution. The multi-lateral organizations may also use consultants to supplement their own staff in carrying out their operations. When consultants are used in such cases, they are selected and engaged by the respective organizations. Organizations such as the World Bank maintain files of information regarding the capabilities and experience of firms who register their services with them. The staff of these organizations also are knowledgeable about firms and individuals competent to carry out various types of assignment. Depending on the size and nature of the required services, the organizations will negotiate directly with firms deemed to have the required capabilities or proceed through a proposal call to a short list of selected firms. In the case of some overseas technical assistance projects that are administered by the organization itself, the proposed terms of reference and short-list of consultants may be submitted to the recipient country for comment and statement of any objections, and the recipient may be invited to participate in the negotiation of the contract with the consultants.

# 5. URBAN OPPORTUNITIES THROUGH THE WORLD BANK

## 5.1 INTRODUCTION

Earlier sections of this report reviewed the published background information available from the various multi-lateral organizations involved in the urban sector and, as well, more detailed procurement data provided by the World Bank. The material leads to the following tentative conclusions:

1. The World Bank accounts for a major share of the international lending activity in the urban sector.

2. Consulting and technical assistance represents the largest area of involvement by the industrialized countries in the Third World housing sector. Civil works contracting, and the provision of machinery, equipment and services represent less important supply opportunities and at the same time are subject to intense competition through international competitive bidding.

3. Canada's involvement in the sector appears to be limited at present.

4. The market for urban-related consulting services is expected to grow rapidly and may reach U.S. $100 million per year in a period of a few years.

After reviewing various published information and other data acquired from the international institutions, a number of officials knowledgeable about overseas activities in the urban field were interviewed by telephone. World Bank staff involved in the urban sector were then interviewed in Washington. The purposes of these personal interviews were to: 1) corroborate earlier findings, 2) probe first-hand and more closely the trends in the Bank's involvement in the sector, 3) explore opportunity niches for Alberta in the sector, and 4) discuss procurement and selection procedures and possible marketing strategies that may need to be pursued to penetrate the available market. This section of the report reviews the findings derived from the World Bank contacts.

## 5.2 SECTORAL TRENDS AND ISSUES

An understanding of the Bank's views regarding the key trends and issues confronting the urban sector are helpful in identifying the types of assistance that will be required to support activities in the sector in the coming years. Much of the information discussed in this section has been taken from a document entitled, "Addressing the Urban Challenge, An Internal Review of the World Bank's 1987 Water Supply and Urban Development Operations" prepared in March of 1988.

### 5.2.1 Urbanization

The urbanization needs of the developing countries are receiving increasing attention by the World Bank. Bank documents indicate that:

- The urban population in the Third World has increased from less than 300 million in 1950 to about 1,250 million today.
- This process of urbanization shows no sign of abating.
- The cities and towns in the developing world will have to absorb another 700 million people or about two-thirds of the total population increase by the turn of the century.
- A large and growing share of public and private investment will be directed to urban areas.
- Some 60% of the gross national product of the developing countries is produced in urban areas although these areas contain about one-third of the total population.
- Some eight-tenths of future GDP growth will come from urban areas.
- Inefficient and unproductive urban centers with poor infrastructure will create significant bottlenecks for economic expansion.

- With housing and urban infrastructure investments accounting for about one-quarter of the annual capital formation and close to one-half the capital stock in most developing countries, it is clear that the manner in which urban resources are mobilized, how well they are invested, and how efficient they are utilized, will have a major impact on the prospects for national economic adjustment and growth.

It is the view of the Bank that overall, the urban environment in the Third World continues to deteriorate. The rapid rate of urbanization has outstripped most governments' ability to cope with the demand for basic urban services.

In the context of these broad trends, the World Bank involvement in the sector is likely not only to continue but to expand. During the late 1970's until the mid-1980's World Bank lending to the urban sector amounted to roughly U.S. $400 to $500 million per year. In the coming fiscal year, 1988, World Bank lending in the sector is likely to range between $1.5 and $2 billion. Notwithstanding the growth in the Bank's involvement in the urban sector, the nature of that involvement has changed dramatically.

### 5.2.2 Sectoral Issues

Some of the key sectoral issues in the urban development field provide an indication of the need for technical assistance. The major issues identified by the World Bank are summarized below.

Decentralization and the Role of Government.

It is clear that local governments are more familiar with and responsive to local needs than central government agencies. Typically, however, local governments in Third World countries have limited revenue authority, and are heavily reliant on central government financial transfers. This reflects itself in dependency, reduced self-reliance, and limited authority and credibility at the local government level. Local government deficits are considerable and represent a significant financial drain on the government finances in many lesser developed countries. There is a significant scope for stronger resource mobilization at the local municipal level. Local government authorities are marked by poorly paid, untrained personnel and are usually weak. Although there has been some trend toward a greater

administrative decentralization to the local level, the underdeveloped countries have been slow in transferring greater fiscal responsibility to the municipalities. The Bank is of the view that successful decentralization and strengthening of local governments will require action on four different fronts:

- improve fiscal transfer arrangements by basing them on objective criteria rather than ad hoc decisions;
- make additional investment resources available to municipalities through Municipal Development Banks or similar institutions;
- increase the autonomy of local governments in raising tax revenues; and
- introduce systematic training programs for municipal staff in parallel with the expansion of their functions.

Public Versus Private Service Provision

The current regulatory framework in many of the developing countries tends to favour politically-established public monopolies and involves lengthy bureaucratic intermediation which discourages private enterprises from providing services and housing. There is a need for some liberalization of laws and regulations which have protected the monopolies of public enterprises and precluded a greater private role in the urban sector.

The Informal Sector

The self-help or informal sector represents an important part of the housing industry in many parts of the Third World. However, numerous laws, codes and regulations defining the property rights for land and shelter, the rights to engage in production, commerce or services, the rights to form trade associations, etc. are with few exceptions cumbersome, overlapping and discriminatory and work against the economic interests of a majority of urban dwellers. The biases and implicit costs associated with excessive regulations have forced the private sector to operate "underground". The adoption of more realistic legal and regulatory frameworks would have a salutary impact on the broad masses of urban dwellers and on public finances and long term growth. At present the unplanned nature of many informal settlements makes the provision of basic infrastructure more expensive and the cost recovery for urban services more difficult. The extra-legal status of many properties also precludes the use of formal sector

finance and clouded titles and lack of amenities reduce the incentives to save and invest in housing.

Public Sector Resource Mobilization

The funding available for urban infrastructure investments is clearly inadequate at the present time although even current levels of spending are accentuating government budget deficits. Some of the responses to the fiscal crisis facing the urban sector include:

- expanding the role of the private sector;
- decentralizing responsibilities for service delivery to local governments;
- reducing design standards;
- emphasizing low cost solutions; and
- increasing the emphasis on rehabilitation rather than new construction.

The most important changes, however, have to be made on the revenue side. The level of cost recovery for urban services tends to be low due to inefficiencies in collection, excessive exemptions, delayed or delinquent payments, and a general lack of civic compliance. These shortcomings are frequently aggravated by inadequate pricing policies, and the adoption of interest rates far below the actual cost of funds.

Targeted Resource Allocation

In an environment of resource constraints, particular sub-sectors require improved intervention. Having regard to land, for example, land development constraints and land tenure require creative solutions at an early stage of the development process. With regard to housing, it is important that there be a greater recognition of its interconnection with the rest of the financial markets. With respect to transport, solid waste management, water supply, and sanitation, an improved distribution of responsibilities between the public and private sectors and the adoption of sound pricing policies are essential.

### 5.2.3 Sectoral Responses

The World Bank is responding to the various sectoral issues in the urban development field in a number of ways and these are explored below:

Shift in Focus

The Bank's lending operations, sector work, and associated policy discussions increasingly emphasize:

- the rationalization of public expenditure programs, the strengthening of mechanisms for transfers to municipalities, and resource mobilization and cost recovery at the local level;
- reform of municipal, regional and central government institutions;
- policies to stimulate private initiatives and investments, especially in housing, land development, and urban transport; and
- urban policies and investment programs that enable secondary cities to support agriculture and rural development.

Special attention is being placed on institutional and regulatory bottlenecks at the national level and this implies expanded support for nationwide programs and financing mechanisms. This trend is translated by the introduction and strengthening of financial intermediaries, such as housing finance institutions and sub-sectoral organizations that can reach a large number of municipalities and local agencies. Similarly, the geographic sphere of influence of more traditional projects is tending to move beyond the neighborhood-level focus that has characterized many past projects. A new city-wide approach is emerging which implies a greater concern for urban management and the effectiveness of central and local institutions.

Intensified Policy and Research Work

In support of the shift in Bank operations, research and policy programs are focussing on the development of urban policies for macro-economic adjustment and resumption of growth. Priority areas include:

- the financing of housing and its ties to the financial market;
- municipal finance and its links with government budget;
- the functioning of land and housing markets and their impact on private savings and investments; and
- urban infrastructure provision and location inducements and their impact on the productivity of manufacturing and service enterprises.

The operation and maintenance of urban infrastructure is another area of concern in which the bank is intervening.

Expanded Lending Program

Although the Bank lending and the urban sector is miniscule compared with overall urban investment needs in the Third World, the Bank has influenced government policy in the sector and has expanded its lending considerably. Between 1984 and 1987 Bank lending in the urban sector increased from $500 million dollars to $1.3 billion U.S. and lending in the water and sanitation area climbed from $641 million to more than $1.1 billion by 1987.

New Lending Instruments

A profile of recent projects approved by the World Bank shows the ongoing shift towards operations with high policy content and broad impact on national institutions and programs:

- sector investment loans, which include reforms aimed at developing local government managerial and financial capabilities, rationalization of resource allocation to municipalities, reducing central government's share of urban infrastructure financing, restructuring of national and public agencies and supply enterprises, and various other policy and institutional strengthening efforts;

- loans that support financial intermediaries, including for example reforms of national housing finance systems, establishing refinancing facilities for housing loans provided by commercial banks, encouraging the shift towards the private sector and the provision of housing finance, improvements in cost recovery, and increased responsibilities and capabilities of local communities in the maintenance of utility supply facilities;
- project support investment programs and reform of national agencies; and
- projects aimed at comprehensive policy and institution reforms at the municipal level, including new legislation guiding the financial management and cost recovery policies of municipalities.

Traditional investment projects in the sector accounted for approximately 40% of total urban and water lending. Many of these projects provided for specific investment projects but many of them focussed on the technical, financial and economic viability of the investment and on the policies and capabilities of the implementing agency.

Regional Responsiveness

The Bank's lending has been responsive to country needs. Urban lending has continued its upward trend in all regions except East Africa. Most noteworthy are the rapid expansion and lending in West Africa and East Asia that have occurred in the last two years. East Asia and South Asia together account for approximately one-half of the Bank's total urban lending.

### 5.2.4 Sub-sectoral Response

The Bank has responded to a number of sub-sectoral issues in the urban development field involving land management, housing and shelter financing, urban transport, decentralization of local government management, and water supply and sanitation. These responses are discussed briefly below:

## Land Management

Throughout the developing world, land is being developed much more slowly than the required rate, leaving increasing numbers of households with no alternative but informal or illegal settlement on inadequately-serviced land. A land management framework is required for assuring that an adequate supply of developed land is available to both the public and private sectors and that this land is put to its most productive use. Required measures include a legal frame vork that ensures that land can be easily bought and sold, a system of procedures and regulations to ensure the development of land at affordable cost, and land taxation measures to promote efficiency and equity in land use. A land registration system must also be in place which ensures that land ownership can easily be identified and transferred and that property taxes can be assessed and collected. Land management issues are increasingly given prominence in housing finance studies and in municipal finance studies. Changes in land management policies involve a great array of religious, cultural, political, legal, and institutional tasks. The complex interaction between these factors is little understood. To enhance the Bank's knowledge about these problems and to provide further project guidance, a major research program dealing with urban land issues has been initiated with UNDP financing. It is being jointly undertaken by the Bank and UNCHS.

## Housing and Shelter Financing

The shift from self-contained low-income sites and services and slum-upgrading projects to sector-level operations continues. This shift is reflected in a number of recent project interventions by the Bank. Project components have included the development of policy statements and programs of action for improvements in housing finance systems, initiatives to increase the source and volume of long term funds available for mortgage lending by improving household savings mobilization, rationalizing the existing deposit and savings scheme, improving the regulatory system, encouraging the creation of suitable financial instruments and the involvement of new institutions, improvements to stimulate access of the informal sector to commercial credit, encouragement of more market-oriented credit allocation, and a reduction of existing resource mobilization constraints as well as non-financial constraints such as rent control and land management policies.

Urban Transport

Rapid urban expansion has placed new and heavy demands on the transport networks, and with the recognition that an effective transport system may help to maximize the economic efficiency of any city, greater efforts to deal with the problems of moving people and goods have been undertaken. The major issues addressed under the urban projects are:

- the strengthening of urban transport institutions;
- the adoption of low-cost solutions including demand management, traffic management, road improvement and maintenance;
- the provision of access and priority for public transport users;
- the improvement of public transport; and
- the greater participation of the private sector and the provision of transport services and facilities.

Decentralization and Local Government Management

Notwithstanding the fact that the need for urban infrastructure and services is growing rapidly in many countries, most governments face serious budgetary constraints. Accordingly, there is a serious need to improve cost recovery and resource mobilization at the local level, to rationalize central-local government relationships, and to find better ways to finance municipal investments. These issues have become central themes of an increased number of urban projects. Specific measures to address these needs have included programs of institutional and policy development, measures to consolidate the financial planning of investments and to strengthen performance monitoring systems, improving local government capabilities to mobilize resources, reducing central government's share of urban infrastructure financing, the creation of municipal development banks, reforms of the local taxation systems, reducing administrative bottlenecks at the central level, improvements in property valuation and tax administration, and improved financial management.

Water Supply and Sanitation

The underlying common challenge of the projects funded by the Bank in the area of water supply and sanitation is to help countries develop and introduce sound financial policies, autonomous institutions and modern

administrative procedures. Strengthening of financial management continues to be a major objective and improved cost recovery policies are common to many projects. Revenue collection methods, financial planning and audit controls, improved operation and maintenance, manpower training, water and leak detection, operational monitoring, and institutional improvements are all being addressed under these bank projects.

## 5.3 MARKET FOR CONSULTING SERVICES AND TECHNICAL ASSISTANCE

### 5.3.1 Requirements

The sectoral and sub-sectoral issues discussed earlier provide an indication of the kinds of expertise and technical services required in support of the Bank's urban lending. Although technical assistance in respect to broad policy issues will be required from time to time, it is clear that the expertise required is very much of an applied and specialized nature. A diverse range of assistance is required to address the multi-faceted urban development issues and some of the particular areas where overseas expertise is being applied are in respect to:

- municipal management practices;
- land registration systems;
- property assessment and taxation systems;
- cost recovery systems, and housing finance systems;
- land and housing demand and market systems;
- institutional and organizational evaluation;
- land information systems;
- municipal finance;
- succession laws, land transfer, and land titles systems;
- design and implementation of revenue collection systems;
- management training; and
- operational maintenance assistance in terms of urban transport and water operations.

In summary, a broad range of expertise and capability encompassing many aspects of municipal and local government operations as required. There is a clear preference for personnel having hands-on experience at the municipal level and, preferably, with a familiarity of the study region.

In some cases, technical assistance components embracing management, economic, and financial know-how are attached to engineering projects and these capabilities are applied to the project on a sub-contract basis by the lead engineering firm. This is particularly common where the major project component is related to water supply or urban transport. With regard more specifically to urban projects, there is a tendency to rely on a management consulting firm to provide the various types of technical assistance that are required. In those instances where engineering capability is required as a component of the project, this assistance is often brought in on a sub-contract basis by the management consulting firm. Consortia which include both management consulting and engineering firms are also used to carry out some projects. Generally, however, for the more complex municipal projects, there appears to be a preference to use management consulting firms as the primary contractor. Local firms in the under-developed countries are also being relied upon increasingly to carry out more detailed operational and implementation aspects of technical assistance projects.

The interviews carried out with staff of the World Bank suggest that the consulting needs in the urban sector are not being adequately satisfied by the international consulting industry at the present time. Engineers and planning firms are able to provide certain areas of expertise in respect to some of the urban development problems but, generally, they are not equipped to provide the range of specialized capability required. Management consulting and accounting firms have had a mixed success in meeting the requirements. For the most part these firms have not had a great deal of experience dealing with local government matters and are often not in a position to provide operationally-oriented and applied technical solutions. There is a need to provide the range of specialized expertise required in many urban projects, while at the same time being able to provide operationally-oriented solutions based on hands-on experience. There is a particular demand for consultants with practical municipal experience, especially if this has been combined with international work.

Discussions with Bank staff indicate that it is important for consultants to market their capabilities in specialized areas: the technical requirements are in many cases directed to specific areas and consultant marketing activities that are expressed in general terms may not be effective.

Specialized skills and hands-on experience are expected from consultants working overseas in the area of urban development. Considerable attention is given in the consultant selection process to the personnel allocated to a specific project and there is a general preference to use senior people.

In addition to the requirements for expertise in various areas of urban management and finance, urban planners are also required in many of these projects. However, it is important that these planners be both quantitative and operationally-oriented. They must, for example, be able to review land use regulations, and recommend changes which will enhance the land assembly and development process. Planners must also have an understanding of urban relationships between housing development and employment activities and be able to recognize the unique circumstances of each city, particularly in respect to local regulations, affordability issues, the realities of informal settlement patterns, and design standards.

### 5.3.2 Competition

The existing competition in the urban technical assistance and consulting field originates from a number of sources. The United States, Britain and Australia are particularly successful, the latter especially so in the Pacific Rim countries. The United Kingdom has a considerable amount of local government experience, and it provides services through various associations, public authorities, and educational institutes in addition to large engineering, planning, accounting, and management consulting firms. Public utilities authorities in Australia have also provided technical assistance to third world municipal organizations. PADCO is perhaps the most successful U.S.-based firm operating in the municipal government area. The firm is primarily a planning organization but over time has either internally or through the use of sub-contractors provided an expanding range of municipal consultative services. The firm has over the years established a strong foundation of experience through work obtained from the United States Agency For International Development. The Research Triangle Institute (RTI), located in North Carolina, provides training in urban financial management to developing countries. The investigations of the consultants suggest that the training programs offered by RTI also provide a springboard for providing subsequent forms of technical assistance in the underdeveloped countries. Public authorities in the developed countries such as Victoria Water Board in Australia and the Thames Water Authority in Britain have some advantages in terms of providing hands-on operational assistance to local utility systems and the involvement of these public

organizations provides the opportunity to bring in other consulting firms from the donor country.

### 5.3.3 Marketing

There appear to be a number of entry points to obtain consulting assignments in the overseas urban development field and these are discussed below:

- As a component of bilateral assistance. Some elements of urban projects funded by the international lending agencies are occasionally supported under bilateral assistance from organizations such as USAID, ODA (Britain), and the aid agencies of other countries including Sweden, France, etc. As part of this bilateral aid, consultants from the donor country may be used and this assists in expanding the overseas experience and urban expertise of those consultants. As well, the work provides an opportunity for the consultants to gain experience in the recipient country and to identify opportunities for subsequent local involvement. A number of countries, including Canada, also have established grant funds which may be used by the international aid agencies to hire firms from the respective donor country to assist them in various technical assistance or operational activities. The World Bank, for example, is currently faced with severe operational budget constraints which are limiting the ability of its staff to prepare and evaluate urban projects. To the extent that the CIDA trust account can be utilized to hire Canadian consultants, this would be a useful way of introducing those firms to projects in the urban field and gaining a knowledge of the Bank's staff and procedures.

- Twinning arrangements. Twinning arrangements between municipalities in the industrialized countries and cities in the developing world are becoming increasingly common. These arrangements provide opportunities for cities in this country to provide various forms of technical assistance overseas and may at the same time provide an entry point for the subsequent involvement of consulting firms from

Canada. It would appear that many of the twinning arrangements that have been developed to this point have not fully exploited the opportunities for technical assistance and subsequent business development in the Third World.

- The use of educational and non-profit training institutes. A number of research institutes provide research, advisory, and training services in municipal government and related matters. These arrangements may also include student or employee exchange programs. The relationships and professional credibility established through these services can provide opportunities for the subsequent provision of consulting assistance.

- Associations with local firms. The multi-national accounting firms have some advantages in terms of securing work in the underdeveloped world through their relationships with local accounting firms, which can serve to identify upcoming business opportunities, provide local contacts and knowledge, and offer competitive advantages in terms of carrying out some portions of the projects at relatively low cost. Informal linkages or formal associations with local firms and individuals can provide a useful marketing advantage in securing Third World work.

- Experience as sub-consultants. Firms may seek to obtain Third World experience in the urban sector by providing specialized sub-consultant assistance to larger firms who are successful in securing large multi-disciplinary projects. This "coat-tails" approach can be expanded over time to the point where the sub-consultant firm is able to secure contracts as a prime contractor.

- Marketing to the World Bank and its borrowers. As discussed earlier in the report the World Bank has a role in the selection of the consultants in two ways: 1) through the use of consultants to support its own internal operational and technical assistance activities; and 2) in assisting borrowers to identify, short-list, and contract consultants under Bank-supported urban development

projects. The Bank therefore represents an important avenue for marketing by prospective consultants in the urban field. It is important for prospective consultants to make the Bank and Bank staff aware of their demonstrated strengths and unique capabilities. Registration of consulting services with the Bank is an important first step in making the Bank's technical and operational staff who are involved in the urban field familiar with a firm's capabilities. It is common practice for representatives of various consulting firms from the industrialized countries to contact personally or by telephone Bank staff members on a regular basis to keep apprised of upcoming and potential projects and to remind those individuals of the firms' availability, competence, and recent experience. As firms become aware of upcoming projects that may require consulting or other forms of technical assistance, they can also attempt to influence the Bank staff to have them considered during the long- and short-listing of potential consultants. The monthly operational summaries prepared by the Bank identify upcoming projects and normally indicate where consulting expertise will be required. This information can be used as a basis for contacting the relevant Bank project officers as well as the implementing agencies in the borrower country, to begin the business development process and ensure that the firm is placed on the consultant short-list and considered at the time of contracting.

- Consulting to the UNCHS. UNDP's involvement in the urban and housing sector is handled by UNCHS in Nairobi, Kenya. UNCHS uses the services of consultants -- and particularly individual consultants -- to assist in project preparation and identification studies. UNCHS also has used the World Bank to execute or administer certain projects on its behalf. UNCHS projects often represent the first stage of large urban projects and consultant involvement during the initial periods may assist in securing contracts in subsequent stages.

- Research. Another useful means of establishing credentials and contacts in the area of overseas urban development may involve the carrying out of original theoretical and applied research into Third World urban problems, possibly by a non-profit research institute or academic institution.

Major elements to be considered in achieving success in providing technical assistance to the urban development sector in the Third World are as follows:

- The complex and multi-faceted nature of urban projects.
- The fact that urban projects typically involve many different organizations and agencies in the borrower country, and consultant marketing activities may need to be directed among several entities.
- The importance of demonstrating previous overseas experience in Third World projects.
- The need to utilize the services of senior personnel with relevant hands-on experience.
- The need in many cases to associate oneself with a local firm knowledgeable about the local language, customs, regulations, and organizations.
- The trend toward having a consultant firm provide under its "umbrella" the many urban-related technical assistance services and areas of specialization required in a particular project. A firm with current projects in a country has particular advantages in terms of securing subsequent work there because of the knowledge and experience gained, the networks and contacts established, and the reduced costs of mobilizing for the new project.
- The usefulness of a country's bilateral aid activities and municipality-to-municipality twinning arrangements in gaining an initial foothold in Third World urban markets.

- The trend toward the use of management consulting firms to lead the team of specialists bidding on urban development projects.

- The need to focus development efforts on The World Bank and, to probably a lesser degree, UNCHS.

# 6. MARKET ASSESSMENT SUMMARY

The research carried out in this project suggests that there is a potential market for Alberta services in the Third World urban development sector. The overall size of that potential market is expected to increase rapidly and there are apparent gaps in competitor capability.

The most attractive market opportunity relates to the provision of technical assistance and consulting services. The need for such services is increasingly being "piggy-backed" on many projects being funded by the multi-lateral lending agencies. The types of "software" that are required embrace a broad range of training, local government administration, and municipal management and financial functions. Expertise is particularly required in the development and implementation of methodology as opposed to the formulation of broad policy recommendations.

Canada, and Alberta more specifically, appear to have limited involvement in providing technical assistance services to the overseas urban sector at the present time. Much of the professional services that is being provided by Canada overseas appears to relate to the engineering design of water supply and sanitation systems. The engineering component of consulting is becoming very competitive in the global market. At the same time, the engineering capability of many developing countries is expanding and those countries are able now to provide a larger share of the services they require for domestic projects.

The expanded exportation of professional services in the overseas urban development sector implies the use of planners, municipal engineers, transportation engineers, financial analysts, organization and management consultants, economists, municipal administrators, housing experts, utilities operations staff, and a broad range of other individuals skilled in various aspects of municipal service delivery and administration. Some areas of technical assistance are available among various private consulting firms in Alberta. At the same time, it is clear that a number of areas of expertise are resident in provincial agencies and municipal authorities. The greater involvement of Alberta professionals in the overseas urban market would improve the province's network of contacts and relationships with the Third World and, in particular, with Third World countries in the Pacific Rim where

the urban opportunities appear to be greatest. Concurrently, the further development of urban expertise as applied to the Third World would undoubtedly have the additional benefit of improving the application of new urban management techniques domestically as well.

The key findings of the market analysis carried out in relation to the overseas urban development sector are summarized below:

- The magnitude of the urban development challenge in the Third World is immense and growing as the population of the underdeveloped world is increasingly drawn to the cities and as the corresponding need for urban infrastructure and housing far outstrips the available resources.

- All of the international lending agencies are involved in the urban development sector to varying degrees. The largest participant in the sector is the World Bank, whose lending program in the urban field is expected to expand sharply and reach U.S. $1.5 to $2 billion per year in the near future. The Bank supports an estimated three-quarters or more of the international lending to the sector, and also serves as an executing agency for a number of projects of the United Nations Centre for Human Settlements (UNCHS). The Inter-American Development Bank, the Asian Development Bank, and UNCHS are also active participants in the urban field.

- Canadian bilateral assistance in the urban sector through agencies such as the Canadian International Development Agency is limited at the present time, although CIDA is involved in regional development and water supply projects. The increasing reluctance by some countries to borrow funds from the multi-lateral lending agencies for technical assistance purposes has led to a trend toward the use of co-financing or bilateral assistance to provide such services in parallel with multi-laterally funded activities. CIDA's expanded involvement in meeting the need for technical assistance in the urban field would provide new opportunities for Canadian consultants to enter this market.

- The major area of opportunity for the industrialized countries is in respect to the provision of technical assistance and consulting services. It is estimated that the market for such services could reach U.S. $100 million per year within the next few years. These estimates do not include technical assistance required in relation to water and sanitary projects, which offer additional consulting opportunities.

- Canada currently captures approximately U.S. $1 million per year in consulting services under World Bank-financed urban development projects. It would not appear unrealistic to expect that Canada could achieve increased sales totalling U.S. $3 to $5 million per year based on historical relationships and without the potential introduction of new initiatives to improve its success in this area. For Alberta, technical assistance of U.S. $1-2 million dollars per year would seem to be a realistic and realizable target over the next three to five years. That level of revenue would provide employment for approximately ten to twenty professionals on a full-time equivalent basis.

- The Asian market accounts for a significant share of international lending in the urban development field and, within that region, lending activity to China is expected to grow quickly. The Pacific Rim area has been shown to represent a particularly strategic area of opportunity for Alberta in respect to other trade activities and an important share of the province's trade promotion efforts are directed to that area. The marketing of Alberta urban-related services in that region would be consistent and compatible with the province's trade activities in other sectors.

- The involvement of the multilateral lending agencies in the urban field is being oriented increasingly toward institutional strengthening, housing finance, and urban management, and the required areas of technical assistance are generally related to those areas. Representative areas where overseas expertise is being

directed include: municipal management practices, land registration systems, property assessment and taxation systems, cost recovery and housing finance systems, land and housing demand and market systems, institutional and organizational evaluation, land information systems, municipal finance, land transfer and land titles systems, the design and implementation of revenue collection systems, management training, and operational and maintenance assistance in terms of urban transport and water operations.

- In providing technical assistance overseas, there is a clear preference for personnel having hands-on experience at the municipal level and preferably, with a familiarity of the study region. A growing emphasis is being placed on the use of overseas specialists with applied knowledge and experience.

- The market for consulting services in the urban sector does not appear to be an overly competitive one at present and indeed, discussions with World Bank staff suggest that there are significant gaps in the availability of qualified consultants to serve the emerging areas of technical assistance requirements. The particular need is for specialized and applied capability in various facets of urban management and housing. Traditional management consulting firms, which often serve as the umbrella organization for handling projects in the field, are not particularly competent in addressing local government issues. Large multi-national accounting firms have entered the field to some degree but also are not generally able to provide the diverse and applied types of local government expertise required. Furthermore, some areas of expertise are unlikely to be available among private consulting firms but may more commonly be found in public sector institutions. A few large firms such as PADCO in the U.S. have branched out from various types of local planning and engineering services to provide a broader range of housing and urban management assistance. Such firms also rely heavily on the use of specialized sub-consultants to supplement their internal

capabilities. The United States, Britain, and in the Pacific Rim, Australia, appear to be strong participants in the urban field at the present time.

- Engineering firms may play a lead role in respect to some projects, particularly in the design and project management of infrastructure and utilities projects, and may be asked to provide supplementary services in management, financial, and other planning matters. However, the major tendency is toward the use of a management consulting firm as the "umbrella" to the provision of the various specialized areas of technical assistance required, including occasionally engineering sub-components.

- There is an increasing need on the part of firms from the industrialized countries to associate with a local firm in the borrower country to carry out some project activities, to provide local contacts, and to effectively reduce the cost of the services provided. There are increasing concerns about the high cost of technical assistance provided by consulting firms from the industrialized countries which are estimated to be in the order of U.S. $10,000 to $12,000 per man-month.

- Overseas experience is important in terms of securing project work in the developing world and this suggests the need to gather appropriate experience by providing sub-contractual assistance in specialized areas and to gradually building up one's portfolio of overseas assignments. Over time, this will permit a firm to assume the role of prime contractor.

Canada is a member of all the major multilateral lending agencies and, accordingly, Canadian firms are eligible to bid for contracts emanating from those organizations.

In general, the tendering and procurement of goods and services for a project financed by the World Bank and other multilateral agencies is based on a competitive bidding process with the lowest evaluated bid normally successful. With regard to consulting services -- the area of greatest

promise for Canadian suppliers -- the procurement process is somewhat different and is not based on the lowest tender system. Demonstrated competence and qualification for the type of professional services required are the primary criteria for selection. A major emphasis is placed on the personnel to be assigned to the proposed project.

Consultants have two general points of entry into the overseas urban market. In the first instance, the multilateral agencies rely themselves on consultants from time to time to provide technical assistance activities which are financed from their own internal resources or which are executed by those agencies on behalf of another institution. The multilateral organizations may also use consultants from time to time to supplement their own staff in carrying out their operational activities. The selection of consultants in such cases is based on the familiarity of the organization with the capabilities and experience of consulting firms. Consultants are encouraged to register their services with these organizations and also to familiarize the staff of these organizations with their capabilities and experience. Depending on the size and nature of the required services, the international organizations will negotiate directly with those firms deemed to have the required capabilities or may proceed through a proposal call with a short list of selected firms.

The second and larger avenue of opportunity relates to the use of consultants by the borrower or grant recipient of the international agency. The lending institution offers guidelines for the selection of suppliers but the recipient country makes the actual selection. Notwithstanding the ultimate responsibility of the borrower for consultant selection, it is clear that the international agencies play an important role in the selection process. This is particularly so in respect to urban projects which often require specialized services where the borrower is unfamiliar with potential suppliers. The funding organization may collaborate with the borrower in the preparation of terms of reference, assist in the development of a preliminary list of firms with apparent expertise in the required area, assist in the development of a short list of firms who are invited to submit proposals, participate in the evaluation of proposals, and assist in contract negotiations. Accordingly, it is important that prospective consultants be registered properly with the lending organizations and make themselves known to project and technical staff working in the urban sector. Similarly, the consultants should also indicate their interest and capability to the appropriate executing organizations in the recipient country, although this can be difficult in view of

the number of individuals and organizations that may be involved in some of the more complex urban projects.

Under both of the technical assistance avenues cited above, the international lending agencies play a very important role in the selection process. The World Bank is responsible for funding perhaps three-quarters or more of the internationally-funded activity in the overseas urban development sector and, consequently, that organization constitutes a major area of marketing attention for prospective consulting firms.

# 7. PRELIMINARY MARKETING STRATEGIES

## 7.1 OVERVIEW

The preliminary market research carried out under the project confirms that there are indeed opportunities for Alberta firms in the Third World urban development sector. Those market opportunities are largely related to technical assistance and consulting services. The demand for such services is growing and the Pacific Rim/Asia area represents a particularly important part of the urban development market. Information obtained from the World Bank suggests that the market is not being satisfied particularly well at the present time and thus offers a competitive opportunity. Canada currently is not a major participant in the market for urban services and there appears to be considerable scope for expanding its presence in that market. The demand for urban services is focused through a limited number of international agencies -- and particularly the World Bank -- and because Canada is a member of these organizations, Alberta firms have an equal opportunity to compete with private firms from other countries for contracts.

Although the identified market prospects appear promising, the penetration of the market will require a strong and continuing commitment and it may be some time before significant results can be achieved in terms of new export orders. In the interim, business development costs will be incurred and the prospective exporting firms can expect to experience the opportunity costs associated with the dedication of employee time for marketing activities vis-a-vis domestic project work. The research also suggests that a number of complementary and mutually reinforcing initiatives will have to be pursued concurrently in order to achieve significant success in the overseas urban development market.

The marketing strategies that are discussed below are examined in the context of: 1) an individual consulting organization that may decide to independently pursue overseas contracts in the urban field and, 2) a more industry-based program which would have potentially broader benefits to the domestic consulting industry and offers the opportunity to realize a greater level of overall success in the market.

## 7.2 INDIVIDUAL FIRMS

A first step for individual firms interested in pursuing opportunities in the overseas urban sector would be to register their services with the major multinational lending agencies and in particular the World Bank and UNCHS. It is also important to initiate and maintain contacts with individual World Bank employees involved in the design and evaluation of urban projects. These professionals are in a position to inform consultants about upcoming projects and to have them considered for upcoming Bank-funded or Bank-executed projects.

The recommended strategy for individual firms seeking to establish themselves in the market is to emphasize their capability in specialized areas and not to hold themselves out as generalists with wide-ranging expertise in many areas. Firms should pursue a "niche-marketing" approach and differentiate themselves as specialized experts in a particular area.

Most of the international lending agencies publish periodic summaries of upcoming projects and subscriptions to these summaries are available to potential contractors. The World Bank's publication is entitled "International Business Opportunities Service, Monthly Operational Summary". Similarly, The Asian Development Bank publishes its "Operational Information on Proposed Projects" on a monthly basis as well. The information contained in these publications can be used by consultants to identify upcoming projects where their services may be required, and provides assistance in contacting the relevant project officers with the purpose of indicating one's interest in particular projects and initiating steps that will aid the firm in being considered for such projects.

Increasingly, consulting services that are required as part of an urban project are tendered as a package to a single contractor who may in turn call on various specialist consultants and subconsultants to carry out components of the project. Accordingly, smaller firms offering specialized services and without a substantial amount of experience in overseas work can introduce themselves to the market and gain added experience by approaching larger firms and offering their services on a subcontractual basis. Over time the experience gained as subconsultants may allow the firm to gradually assume a larger role in overseas projects.

CIDA's involvement in the urban sector is fairly limited at the present time. According to World Bank representatives, CIDA has established a trust

account which can be used by the World Bank to retain Canadian consultants. The World Bank has indicated that its operational funding in the urban sector is limited at the present time and the use of Canadian consultants through this trust fund would not only supplement the organization's own internal resources but would also provide a vehicle to assist Canadian consulting firms to accumulate additional experience in the overseas urban sector. The CIDA trust fund provides an opportunity for Canadian firms to carry out work directly for the World Bank and, in the process, to familiarize themselves with Bank staff and procedures.

## 7.3 JOINT MARKETING INITIATIVES

On the basis of the information gathered and assessed by the study team, there is little to suggest that the involvement of Alberta or Canadian firms within the overseas urban development market will change dramatically without the adoption of a more sustained, formalized, and multifaceted marketing approach. Among the main elements of a comprehensive marketing strategy are the following:

1. <u>The need for an umbrella organization.</u>
   Most of the individuals and organizations in the province which have demonstrated capability to provide services in the urban development field offer fairly narrow areas of specialization and moreover, are unlikely to have the internal resources and demonstrated overseas experience necessary to successfully mount a major marketing effort aimed at the Third World urban sector. Individual firms with a narrow or specialized "product line" cannot justify major outlays for marketing when they can serve only a very small part of the potential market. In the context of the specialized and diffused supply capability of firms in the province, some form of umbrella consortium that would represent a number of consulting organizations appears to be necessary if significant inroads are to be made into the potential market that is available in the urban development sector. This "umbrella" organization would be able to draw on the resources available from various private and indeed public sector organizations in bidding on and implementing overseas projects. The combined organization could, more economically than any individual organization, assume an ongoing marketing

program. The structure, operational mandate, and funding of the proposed organization would need to be properly studied and ascertained.

2. The need for a research and training function.
Efforts to sell technical assistance and consulting expertise in the Third World urban market would be aided by the development of a research and training program as a part of, or affiliated with, the "umbrella" sales organization discussed earlier. Under the research function, specific urban development problems in the Third World could be assessed; these research activities would not only add to the international credibility of the province in the field of urban development but would also provide a mechanism for expanding the knowledge and capability of local researchers and establishing new networks and contacts that could be applied to the development of consulting contracts. The research could be carried out by staff of the umbrella organization or under contract by private researchers or post-secondary academic staff. Alternatively, a separate research unit might be established. The development of training programs for Third World municipal managers and other employees can also be used to establish a reputation in the urban field and at the same time to assist in establishing a network of potential overseas clients. The training could include a mix of overseas and local programs, and involve educational institutions, provincial government agencies with housing and urban affairs responsibilities, Alberta municipalities, and other organizations such as utility authorities and regional planning commissions. Municipal twinning arrangements between cities in this country and Third World nations can also be more fully exploited to include technical assistance and training activities.

3. An expanded role for CIDA in urban development.
As indicated earlier, CIDA's involvement in the Third World urban development field is extremely limited at the present time and largely confined to water supply projects. In other industrialized countries the involvement of official

development assistance organizations in the urban sector provides a vehicle for involving local firms in overseas development projects and provides those organizations with the experience and knowledge necessary to achieve subsequent marketing success in respect to the multilateral lending organizations. To the extent that CIDA is encouraged to fund more projects and programs in the urban field, this would have the benefit of assisting Canadian firms to become more competitive in bidding on overseas projects.

These three broad areas of initiative: the need for an overall consortium sales organization, the development of related research and training programs, and the encouragement to CIDA to become more actively involved in the urban field, represent the general initiatives that appear to be required to penetrate the available market for technical assistance services in the overseas urban sector. The priority focus for attention should be in relation to the design and formation of the appropriate umbrella organization for marketing and project-managing consulting services. Concurrently, individual consulting organizations can pursue their own business development activities.

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- Development Business, (monthly newspaper).
- Report of the Commission on Human Settlement on the Work of its Tenth Session, 1987.
- United Nations Development Programme (UNDP), Compendium of Approved Projects as of September 1986.
- UNDP, World Development: 1986 Annual Report.
- United Nations Centre for Human Settlements (Habitat) (UNCHS), Habitat (monthly periodical).
- UNCHS, Information Package on the International Year of Shelter for the Homeless, World Habitat Day, and other UNCHS (Habitat) activities.

United States Agency for International Development (AID) Publications

- Blueprint for Development: The Strategic Plan of the Agency for International Development, 1985.
- Economic Growth and the Third World: A Report on the AID Private Enterprise Initiative, 1987.
- "AID Highlights" (quarterly newsletter).
- U.S. International Development Corporation Agency, Congressional Presentation, Fiscal Year 1988, May 1987.

World Bank Publications

- Administration and Operational Procedures for Programs for Sites and Services and Area Upgrading, Technical Paper #42, 1985.
- Addressing the Urban Challenge, A Review of the World Bank FY87 Water Supply and Urban Development Operations, March 1988
- Annual Report, 1986, 1987.
- Evaluation of Shelter Programs for the Urban Poor, Principal Findings, Working Paper #547, 1982.

- Housing and Financial Institutions in Developing Countries - An Overview, Working Paper #658, 1984.
- World Bank Lending for Urban Development, 1972 - 82: Learning by Doing, 1983.
- Monthly Operational Summary (monthly supplement to United Nations Development Business).
- Progressive Development and Affordability in the Design of Urban Shelter Projects, Working Paper #560, 1983.
- Urban Edge (periodical with 10 issues per year), issues October 1986 through August 1987.
- "Disbursement Data by Supplying Countries for Selected Description of Goods, 1983 - 1987", computer output.
- "The Project Cycle", 1982.
- "Making the Most of Business Opportunities from World Bank Projects", 1985.
- "Guidelines for the Use of Consultants by World Bank Borrowers and by the World Bank as an Executing Agency", August 1981.
- "Guidelines, Procurement under IBRD Loans and IDA Credits", May 1985.

Other References:

Canadian International Development Agency; Annual Report, 1985 - 1987.

Department of Regional Industrial Expansion; Business Opportunities for Canadian Exporters through Multilateral Aid Projects, prepared October 1984.

The Royal Architectural Institute of Canada. Canadian Contributions: Case Histories of Shelter-Related Initiatives Relevant to Developing Countries, September 1987.

Canadian International Development Agency, Development, Winter, 1987-88.

# APPENDIX A

## Pending Urban Development Projects: World Bank and Asian Development Bank

## Table A-1

## Pending Projects in the Urban Development Sector: World Bank, Spring 1988

| Project Name/Location | Project Components | Project Size |
|---|---|---|
| **AFRICA REGION** | | |
| Urban II - Burkina Faso | Infrastructure rehabilitation and financial and human resource mobilization to improve a) tax collection and b) urban municipal management and resource allocation, including civil works and detailed engineering | $40 million, of which $30M IDA loan |
| Urban II - Burundi | Urban development in five secondary centers. Consultants required for technical and studies. | $24M of which $19.4M IDA loan |
| Second Urban Project - Cameroon | Improve economic efficiency of secondary cities through construction and maintenance of priority urban infrastructure; resource mobilization and cost recovery; rationalization and strengthening of central and local urban institutions | $200M of which Bank loan $140M |
| Third Urban Project - Cameroon | Improve urban services financing mechanisms and land resource management. Rehabilitate parastatal housing agencies. Consultants will be required. | $10M loan |
| Urban Project - Congo | Promote resource mobilization and provide for improved land development operations. Consultants required. | $25M loan |
| Municipal Development - Ivory Coast | Strengthen local government institutions through technical assistance to Ministry of Interior, creation of a municipal development fund, and implementation of urban infrastructure works in selected cities. Consultants needed for implementation of institutional components. | $25M loan |
| Priority works - Ghana | Labor-intensive works to address social costs of adjustment includes pilot sites services component. Consultant services for project preparation being finalized. | $16.8M of which $10.6M IDA loan |
| Supplementary Credit for Priority Works Program - Guinea | Rehabilitation of road and drainage infrastructure. Institutional support through technical assistance for work supervision and a line of credit for micro-enterprises. Consultants selected for project design and supervision. | $4.5M IDA loan |
| Second Urban Project - Guinea | Urban infrastructure works. Consultant services to be determined. | $40M IDA loan |
| Urban Development II - Lesotho | To enhance delivery and improve financial efficiency and cost recovery of urban services through establishment of a municipal council; develop a national housing policy and restructure existing institutions. Consultants required. | $20.4M IDA loan |
| Urban Rehabilitation - Mozambique | Project preparation underway. | $50M IDA loan |
| Urban Infrastructure Development Fund - Nigeria | Establishment of a new mechanism to identify, prepare, and finance urban infrastructure investment. Consultants required to provide technical assistance for fund operations, design and supervision of sub-projects, technical assistance to borrowing states and local authorities for improved financial management and urban services. | $96.8M of which $69.5M Bank loan |

## Table A-1 (Con't)

| Project Name/Location | Project Components | Project Size |
|---|---|---|
| Ibadan Urban - Nigeria | Remove city infrastructure constraints through rehabilitation and maintenance. Strengthen operational and management capacity of state and local levels; improve planning and coordination or urban investments; mobilize financial resources at state and local government levels. | $110M of which $80M Bank loan |
| Urban Institutions - Rwanda | Resource mobilization with improvement in local tax base; strengthening urban institutions; upgrading and land tenure improvement; employment and income generation. | $54M of which $36M IDA loan |
| Municipal and Housing Development - Senegal | Project would consist of:<br>i) small-scale road investments, generation of sources of revenue for municipalities, reorganization of the municipal administration, and<br>ii) credit line to the Housing Bank as an intermediation agency for the financing of land development, housing construction, municipal investment. Consultants for detailed studies and technical assistance. | $70.3M of which $46M IDA loan |
| Urban I - Zaire | Institution building; cost recovery mechanisms; technical assistance, urban infrastructure, land development, land registration, housing finance, and urban services. | $35M IDA loan |
| Urban II - Zimbabwe | Preparation of smaller towns for increased urbanization; sector lending for urban infrastructure development program; strengthening urban and regional management capabilities. | $50M Bank loan |
| **ASIA REGION** | | |
| Urban Development - Bangladesh | To improve the efficient delivery of urban infrastructure, services, affordable shelter, strengthen the management of sector agencies, increase reliance on local resource mobilization. Project components: area development, shelter, upgrading of drainage, solid waste equipment, and technical assistance for urban management studies and training. UNDP - financed consultants will be required during project implementation. | $68.2M of which IDA loan $51M |
| Zhejiang Multi-Cities: China | Provide urban services, in particular: water and waste treatment; reduce pollution; implement new land development schemes at the city level; improve public transport and traffic management; improve institutional strengthening and financial performance in urban services. Consulting services will be required. | $100M IDA loan |
| Medium-Size Cities Integrated Development: China | Design and implementation of new urban infrastructure, and mechanisms and systems for improved urban planning capability, implementation coordination, and cost recovery. | $150M IDA loan |
| Housing - Fiji | To help the government provide affordable housing to low-income families. Project would a) finance part of Fiji Housing Authority investment program b) set FHA on a sounder financial and technical footing c) improve coordination between FHA and other agencies and d) improve housing policy and institutional performance through technical assistance. Consultants required during implementation for technical assistance for institutional improvements. | $35M Bank loan |
| Tamil Nadu Urban Development - India | Improve sector institutions responsible for managing urban development and public urban investment; strengthen local government financial and managerial capability; secure private participation in land development; and reform procedures for revising tariffs for public services | $430M of which $157M IDA loan and $88M Bank loan |

## Table A-1 (Con't)

| Project Name/Location | Project Components | Project Size |
|---|---|---|
| Kerala Urban Development - India | Wide range of urban investments in three largest cities in the state, including shelters, urban transport, water supply, sewerage, drainage, sanitation, solid waste management, markets, and commercial sites; area development, slum upgrading, improvements in delivery and management of urban services. | $300M of which $100M IDA loan |
| HDFC Housing Finance - India | The project would expand HDFC's lending and role as the leading innovator of market-oriented housing finance in India and would extend housing finance benefits to a broader geographical area and group of beneficiaries. Consultants will be required for organizational study, preparation of procedure manuals, and computerization of internal controls. | Bank loan of $250M |
| Secondary Cities Urban Development - Indonesia | Integrated urban infrastructure investment in selected cities and water enterprises. Consulting services will be required for project implementation. | Bank loan $55M |
| Jabotabek Urban Development I - Indonesia | Upgrading and maintenance of roads, intersection improvements, traffic management of roads, intersection improvements, traffic management measures, and technical assistance for project completion and urban transport planning, and institutional development. Consultant services will be required for project implementation. | Bank loan $150M |
| Jabotabek Urban Development II - Indonesia | Investments and rehabilitation of raw water and treated water supply facilities, distribution and sanitation, technical assistance for institutional development, water resource management, and pollution control. Consultant services will be required for project implementation. | Bank loan $100M |
| East Java and Bali Secondary Cities Urban Development - Indonesia | To include integrated urban infrastructure investment and support institutional development in selected cities. Consulting services will be required for project implementation. | Bank loan $90M |
| Taegu Urban Transportation - Korea | To help finance priority investments in urban transportation and establish transportation system management. | Project cost $145.7M, of which Bank loan $30M |
| Urban and Water Supply - Papua New Guinea | Provision of serviced plots to be sold to low-income families for construction of individual houses; seed money for mortgage financing; rehabilitation and expansion of several water supply systems; and technical assistance to strengthen NWSSB. | Bank loan $25M |
| Manila Urban Transport - Philippines | Provision of improved road system capacity and safety; strengthening the government's transportation planning, programming, and policy formulation activities; and development of means to encourage affected local governments to take an increased role in project implementation and financial responsibilities. | Project cost $100M, Bank loan $50M |
| Housing Sector Loan - Philippines | Development of an equitable, viable, and eventually self-sustaining housing production and finance system with an increasing degree of privatization. Consultants will be required. | Project cost $325M of which Bank loan $160M |
| Bangkok Flood Control - Thailand | To provide flood protection and drainage in the city core area, technical assistance, and training. Consultants would be required for construction supervision and advisory services for institutional development, and for training in drainage and corporate management. | Project cost $90.8M, Bank loan $51.9M |
| **EUROPE, MIDDLE EAST, NORTH AFRICA REGION** | | |
| Municipal Development and Transport - Jordan | To improve major traffic intersections and highways and improve the bus transport system. Financial consultants will be required. | Bank loan $30M |

## Table A-1 (Con't)

| Project Name/Location | Project Components | Project Size |
|---|---|---|
| Urban Upgrading - Morocco | Policies, measures, and interventions to provide infrastructure in order to contain and avoid unauthorized housing developments. | Bank loan $70M |
| Housing Finance II - Morocco | Line of credit to Credit Immobilier et Hotelier (CIH). | Bank loan $50M |
| Punjab Urban Development - Pakistan | Urban infrastructure, area and walled city upgrading, and technical assistance services for various cities. Consultants will be required for project managing, technical assistance strengthening, and supervision. | Project cost $142.5M, of which IDA loan $90M |
| Municipal Development/Cadastre - Tunisia | Improvement of municipal finance and management. | Bank loan $50M |
| Housing Finance - Tunisia | Line of credit to Caisse Nationale de Epargne Logement. | Bank loan $80M |
| Cadastre - Tunisia | Reform of cadastre system. | Bank loan $25M |
| Urban III - Yemen | Upgrading of Old City of Taiz, residential plots for low-income population in Taiz, and improving transportation conditions in Sana'a. | Project cost $28M, of which IDA loan $15M |

## Table A-1 (Con't)

| Project Name/Location | Project Components | Project Size |
|---|---|---|
| **LATIN AMERICA AND CARIBBEAN REGION** | | |
| Municipal Development - Argentina | To help improve public sector management at the municipal level and provincial levels through improved financing mechanisms and justified investments. | Bank loan of $120M. |
| Housing Sector I - Argentina | Support for improvements in institutions and financing for low-cost housing. Consultants will be required. | Bank loan $310M |
| Municipal Development II - Argentina | Extension of the first project. | Bank loan up to $150M |
| National Low-Income Housing - Barbados | Rehabilitation of low-income housing. Financial analyst required for project implementation. | Project cost $17.6M. Bank loan $8.6M |
| Northeast Cities - Brazil | To support financial management strengthening of northeast secondary cities with a focus on improving urban efficiency. | Up to bank loan $150M |
| Second Public Sector Housing - Chile | Support development of low-income housing and housing finance reforms. | Bank loan $150M |
| National Urban Maintenance Project - Chile | Maintenance and rehabilitation of roads in urban areas and improved system to manage this service; transportation systems management in Santiago. | Bank loan $75M |
| Municipal Development - Colombia | Fiscal and administrative decentralization by: (a) strengthening institutional capacity of small and medium-sized municipalities and strengthening the capabilities of Fondo Financiera de Desarrollo Urbano (FFDU) in municipal financial analysis, project preparation, appraisal, and supervision, mobilization and monitoring of technical assistance; (b) supporting investments in municipal infrastructure and services; and (c) developing mechanisms for coordination of national policies for urban development/municipal finance. | Bank loan $100M |
| Second National Low-Income Housing - Ecuador | Support for development of low-income housing and housing finance reforms. Consultants will be required. | Bank loan $60M |
| Guatemala City - Guatemala | Strengthening of cadastre and management of municipality infrastructure in low-income housing development, street maintenance, and rehabilitation. Consultants are required for land valuation and cadastre survey; municipal finance and management; road maintenance and operation; public passenger transportation; and low-income housing. | Bank loan $29M |
| Housing II - Mexico | Support to housing credit provided by FOVI. Consulting services to be determined | Bank loan $300M |
| Montevideo Municipal Development - Uruguay | Upgrading of infrastructure, municipal services, and institutional improvements. | Bank loan $25.6M |

Source: The World Bank, International Business Opportunities Services, Monthly Operational Summary, April 15 1988.

## Table A-2

## Pending Projects in the Urban Development Sector, Asian Development Bank, Spring 1988

| Project Name/Location | Project Components | Project Size |
|---|---|---|
| **I. LOANS** | | |
| Dhaka Environmental Infrastructure Improvement - Bangladesh | The Project may include components such as land development, sites and services, drainage and solid waste management and help in environmental monitoring and estate management policy-related studies. | Bank loan $25M, tentative |
| Housing - Fiji | The proposed Project would support the expansion of Government's low-income housing development program in specific geographical areas. | Bank loan $10M, tentative |
| Second Medan Urban Development - Indonesia | Components includes water supply, sewerage, drainage and flood control, solid waste management, kampung improvement, sites-and-services, and road improvement. | Bank loan $75M, tentative |
| Housing for the Shelterless - Pakistan | Provision of small building plots and loans for house construction; institutional strengthening and sector studies. | Bank loan $60M, tentative |
| **II. TECHNICAL ASSISTANCE** | | |
| **A. Project Preparation** | | |
| Low-Income Housing - Bhutan | Project preparatory technical assistance for institutional strengthening of technical, financial, and management aspects for provision of low-income housing and housing finance. Consultants will be recruited. | |
| Housing for the Shelterless - Pakistan | Feasibility study for the provision of small building plots and loans for house construction, institutional strengthening and sector studies. | |
| Second Medan Urban Development - Indonesia | Small scale technical assistance to prepare various infrastructure components for consideration under the Second Medan Urban Development Project. Consultants will be recruited by the Bank. | |
| Urban Development - Philippines | Project preparatory technical assistance to review and assess the deficiencies and the needs for the development of urban centers and prepare a feasibility study for a project which would tentatively include infrastructure, services, urban planning and management, urban traffic and transportation, renewal of congested urban areas, and solid waste management. Consultants will be recruited. | |
| **B. Advisory and Operational** | | |
| Fiji Housing Authority - Fiji | Small-scale advisory technical assistance for institutional strengthening of Fiji Housing Authority (FHA), particularly to help (i) an indepth analysis of the FHA Rental Flats Program and determination of options on the Program's future direction; and (ii) improvements to FHA's Management Information System including its computer facilities and training needs. Consultants will be recruited. | |
| Low-Cost Housing - Sri Lanka | Advisory technical assistance to (i) review and assess the financial and institutional aspects of providing financing for low-cost housing through the Housing Development Finance Corporation (HDFC); (ii) assist in the institutional development of HDFC; and (iii) identify priority investment programs. Consultants will be recruited | |

## Table A-2 (Con't)

| Project Name/Location | Project Components | Project Size |
|---|---|---|
| Urban Sector Profile - Sri Lanka | A study to review and assess the deficiencies and needs with regard to improving efficiency and lowering the costs of urban management particularly in medium to small urban centers. The study will cover urbanization trends, urban problems, government policies and strategic issues, public resource mobilization, institutional and financial framework, the urban economy, past and ongoing projects and programs: infrastructure, housing, and urban management. Consultants will be recruited. | |

Source: Asian Development Bank, Operational Information on Proposed Projects, May 1988.

# APPENDIX B

## Selected World Bank Staff Involved in the Urban Development Sector

## Selected World Bank Staff Involved in the Urban Development Sector[1]

### 1. Urban Development Division

| Name | Position | Room | Extension No. |
|---|---|---|---|
| P. Ljung | Division Chief | S10-131 | 31015 |
| W. Dillinger | Urban Fin. Sp. | S10-111 | 33940 |
| G. Guarda | Prin. Urban Plan. | S09-041 | 33776 |
| B. Renaud | Hous. Fin. Adviser | S10-133 | 31016 |

### 2 Infrastructure Operations Division

#### 2.1 AFRICA

##### 2.1.1 Benin, Cameroon, C.A.R., Congo, Ivory Coast, Equatorial Guinea, Gabon, Guinea

| Name | Position | Room | Extension No. |
|---|---|---|---|
| A. Soto | Division Chief | J-5271 | 34927 |
| F. Amiot | Economist | J-5257 | 34529 |
| F. Ben-Slimane | Fin. Analyst | J-5214 | 34528 |
| B. Delaval | Urban Planner | J-5210 | 34933 |
| Y. Duvivier | Fin. Analyst | J-5259 | 34936 |
| R. Verspyck | Economist | J-5253 | 34533 |

##### 2.1.2 Ethiopia, Kenya, Mauritius, Somalia, Sudan, Uganda

| Name | Position | Room | Extension No. |
|---|---|---|---|
| J. Brown | Division Chief | J-9150 | 34076 |
| H. Goris | Sr. Economist | J-9153 | 34075 |
| M. Rathnam | Financial Anal. | J-9147 | 34089 |
| J. Holt | Financial Anal. | J-9174 | 34152 |

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1 As of spring 1988.

**2.1.3 Burundi, Comoros, Djibouti, Madagascar, Rwanda, Seychelles, Zaire**

| Name | Position | Room | Extension No. |
|---|---|---|---|
| M. Blanc | Division Chief | J-10149 | 34314 |
| O. Grimes | Principal Econ. | J-10143 | 34302 |
| A. Kassab | Financial Anal. | J-10108 | 34316 |
| C. Lyle | Financial Anal. | J-10102 | 34311 |
| P. Taborga | Sr. Urban Econ. | J-10087 | 34312 |

**2.1.4 Ghana, Guinea-Bissau, Liberia, Nigeria, Sao Tome & Principe, Sierra Leone**

| Name | Position | Room | Extension No. |
|---|---|---|---|
| A. Pellegrini | Division Chief | J-4203 | 34564 |
| B. Dizitti | Arch. Planner | J-4224 | 34491 |
| H. Garnet | Economist | J-11050 | 33374 |
| E. Patterson | Fin. Analyst | J-4199 | 34554 |
| L. Pereira | Fin. Analyst | J-4235 | 34856 |
| K. Robotham | Urban Planner | J-4218 | 34854 |
| A. Rychener | Fin. Analyst | J-4210 | 34853 |

**2.1.5 Burkina Faso, Cape Verde, Chad, Gambia, Mali, Mauritania, Niger, Senegal**

| Name | Position | Room | Extension No. |
|---|---|---|---|
| P. Watson | Division Chief | J-7161 | 34845 |
| F. Jakob | Urban Planner | J-7157 | 34835 |
| M. Loir | Sr. Fin. Analyst | J-7153 | 34833 |
| B. Mitchell | Sr. Trp. Economist | J-7151 | 34837 |
| Ph. Owusu | Sr. Fin. Analyst | J-7155 | 34838 |
| F. Pechon | Financial Analyst | J-7170 | 34840 |
| D. Reedy | Economist | J-7196 | 34831 |

### 2.1.6 Botswana, Lesotho, Mozambique, Swaziland, Tanzania, Zambia, Zimbabwe

| Name | Position | Room | Extension No. |
|---|---|---|---|
| I. Sam | Division Chief | J-11049 | 35063 |
| R. Chavez | Urban Planner | J-10118 | 34389 |
| Y. Crookes | Financial Anal. | J-11048 | 33322 |
| D. Graham | Sr. Fin. Anal. | J-11047 | 34386 |
| J. Racki | Sr. Urban Planner | J-11054 | 33374 |

### 2.1.7 Africa Technical Group

| Name | Position | Room | Extension No. |
|---|---|---|---|
| J. Doyen | Division Chief | J-7073 | 34760 |
| R. Andersen | Financial Analyst | J-7079 | 34772 |
| J.M. Cour | Sr. Econ & Reg Plan | J-7056 | 34545 |
| B. de St. Laurent | Economist (Exc.Fr.) | J-7050 | 34768 |
| G. Gattoni | Urban Planner | J-7047 | 35566 |
| C. Gochenour | Housing Fin. Spec. | J-7063 | 34770 |
| J. Renkewitz | Sr. Financial Anal. | J-7077 | 34540 |

## 2.2 ASIA

### 2.2.1 Bangladesh, Bhutan, Nepal, Sri Lanka

| Name | Position | Room | Extension No. |
|---|---|---|---|
| I. Christie | Division Chief | A-9095 | 75932 |
| B Assimakopoulos | Sr. Eng./Planner | A-9079 | 75944 |
| C. Godavitarne | Sr. Municipal Eng. | A-9083 | 75942 |
| A. Guinard | Sr. Project Econ. | A-9097 | 75804 |
| P. McCarthy | Sr. Financial Anal. | A-9087 | 75940 |
| F. Mitchell | Sr. Economist | A-9039 | 75935 |

### 2.2.2 Burma, Democratic Kampuchea, Korea, Lao Pdr, Malaysia, Mekong Committee, Philippines, Thailand, Vietnam

| Name | Position | Room | Extension No. |
|---|---|---|---|
| P. Patel | Division Chief | D-8005 | 73695 |
| C. Fernandez | Sr. Financial Anal. | D-8013 | 73495 |
| E. Fernando | Sr. Municipal Eng. | D-8007 | 75108 |
| D. Haldane | Sr. Operations Off. | D-8023 | 75773 |
| L. Hannah | Sr. Economist | D-8003 | 78350 |
| G. Menckhoff | Sr. Transport Spec. | D-8019 | 76205 |
| Y. Uchimura | Trp. Economist | D-8021 | 73697 |
| A. Van Vugt | Financial Analyst | D-8009 | 74615 |

### 2.2.3 China

| Name | Position | Room | Extension No. |
|---|---|---|---|
| B. Montfort | Division Chief | C-8025 | 74775 |
| Y. Albouy | Sr. Economist | C-8013 | 72660 |
| S. Shum | Sr. Financial Anal. | C-8031 | 72192 |
| K. Stephenson | Sr. Financial Anal. | C-8017 | 72770 |
| S. Teravaninthorn | Transport Economist | C-8001 | 76592 |
| T. Watanatada | Transport Economist | C-8005 | 76593 |

### 2.2.4 China

| | | | |
|---|---|---|---|
| Z. Ecevit | Division Chief | C-9025 | 74601 |
| C. Carr | Sr. Economist | C-9023 | 74607 |
| A. Hamer | Sr. Economist | C-9017 | 72519 |
| J. Huang | Sr. Sanitary Eng. | C-9021 | 74603 |
| L. Miller | Sr. Economist | C-9033 | 72606 |

### 2.2.5 India

| Name | Position | Room | Extension No. |
|---|---|---|---|
| E. McCarthy | Division Chief | E-10050 | 72765 |
| W. Jones | Sr. Economist | #-10051 | 75913 |
| A. Mejia | Sr. Financial Anal. | #-10051 | 72823 |
| C. Teng | Financial Analyst | E-10051 | 74824 |
| J. Vance | Sr. Financial Anal. | E-10050 | 76336 |

### 2.2.6 India

| | | | |
|---|---|---|---|
| R. Skolnik | Division Chief | D-10017 | 75366 |
| R. Cambridge | Sr. Economist | D-10019 | 78465 |
| C. Couzens | Sr. Sanitary Eng. | D-10027 | 76826 |
| A. Kennefick | Financial Analyst | D-10029 | 76827 |
| R. Podolske | Sr. Urban Planner | D-10023 | 75338 |
| E. Rotner | Sr. Economist | D-10025 | 75339 |

### 2.2.7 Fiji, Indonesia, Kiribati, Maldives, Papua New Guinea, Solomon Islands, Tonga, Vanuatu, Western Samoa

| Name | Position | Room | Extension No. |
|---|---|---|---|
| L. Jeurling | Division Chief | B-8019 | 76558/59 |
| H. Boldrick | Sr. Financial Anal. | B-8029 | 76571 |
| E. James | Financial Analyst | B-8025 | 76561 |
| P. Stott | Sr. Municipal Eng. | B-8013 | 76556 |
| J. Van Der Ven | Sr. Transport Eco. | B-8003 | 76557 |
| Th. Pereira | Sr. Financial Anal. | B-8053 | 76551 |

### 2.2.8 Asia Technical Group

| Name | Position | Room | Extension No. |
|---|---|---|---|
| A. Sabeti | Division Chief | F-8055 | 76712 |
| R. Barret | Consultant | F-8013 | 76701 |
| A. Bertaud | Consultant | F-8059 | 76714 |
| S. Choi | Consultant | F-8043 | 76712 |
| J. Kozel | Sr. Munic/San. Eng. | F-8047 | 76720 |
| E. Motte | Sr. Munic/San. Eng. | F-8065 | 76714 |
| N. Noda | Sr. Munic/San. Eng. | F-8023 | 76197 |
| N. Shapiro | Financial Analyst | F-8061 | 76718 |

## 2.3 EUROPE, MIDDLE EAST, NORTH AFRICA

### 2.3.1 Pakistan, Turkey

| Name | Position | Room | Extension No. |
|---|---|---|---|
| Y. Abe | Division Chief | H-5143 | 32391 |
| P. Bowron | Sr. Financial Anal. | H-5135 | 32386 |
| M.A. Bromhead | Economist | H-5147 | 32292 |

### 2.3.2 Algeria, Morocco, Tunisia, (Libya, Malta)

| Name | Position | Room | Extension No. |
|---|---|---|---|
| P. Ludwig | Division Chief | H-4159 | 32817 |
| G. Brizzi | Sr. Urban Economist | H-4169 | 32370 |
| M. Chretien | Fin. Analyst (Urb) | H-4189 | 32825 |
| S. Contreras | Sr. Fin. Anal. (W.S.) | H4155 | 32826 |
| B. Veuthey | Sr. Urban Planner | H-4171 | 32371 |

### 2.3.3 Afghanistan, Bahrain, Egypt, Iran, Iraq, Jordan, Kuwait, Lebanon, Qatar, Oman, Saudi Arabia, Syria, United Arab Emirates, Yemen Pdr

| Name | Position | Room | Extension No. |
|---|---|---|---|
| M. Pommier | Division Chief | H-10001 | 33047 |
| A. El-Togby | Sr. Arch/Urb. Plan. | H-10121 | 32598 |
| D. Henley | Sanitary Engineer | H-10007 | 33051 |
| G. Prenoveau | Sr. Financial Anal. | H-10002 | 33065 |

### 2.3.4 Cyprus, Hungary, Poland, Romania, Yugoslavia

| Name | Position | Room | Extension No. |
|---|---|---|---|
| H. Apitz | Division Chief | H-11001 | 32954 |

### 2.3.5 Europe, Middle East and North Africa Technical Group

| Name | Position | Room | Extension No. |
|---|---|---|---|
| A. Al-Khafaji | Division Chief | H-7065 | 32445 |
| D. Coyaud | Sr. Sanitary Eng. | H-7087 | 32469 |
| J. Creasor | Financial Analyst | H-7061 | 32449 |
| S. El-Sadek | Sr. Arch/Planner | H-7089 | 32453 |
| F. Johnson | Urban Planner | H-7029 | 33093 |
| J.F. Landeau | Sr. Financial Anal. | H-7081 | 32495 |
| R. MacEwen | Sr. Sanitary Eng. | H-7085 | 32497 |
| S. Mitric | Sr. Urban Trp. Spec. | H-7055 | 32444 |
| A. Peltekian | Sr. Municipal Eng. | H-7083 | 32468 |
| N. Shehadeh | Sr. Financial Anal. | H-7039 | 32437 |
| R. Wildeman | Sr. Financial Anal. | H-7079 | 32451 |

## 2.4 LATIN AMERICA

### 2.4.1 Brazil

| Name | Position | Room | Extension No. |
|---|---|---|---|
| M. Munasinghe | Division Chief | I-7131 | 69320 |
| E. Rodriguez | Princ. San. Eng. | I-7129 | 69322 |
| B. Menezes | Sr. Arch./Planner | I-7125 | 69324 |

### 2.4.2 Costa Rica, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama

| Name | Position | Room | Extension No. |
|---|---|---|---|
| R. Haperin | Division Chief | I-8100 | 6151 |
| A. Cajina | Sanitary Engineer | I-8095 | 61263 |
| R. Klockner | Financial Analyst | I-8100 | 61256 |
| A. Kreimer | Urban Planner | I-8100 | 61262 |
| T. Zearley | Financial Analyst | I-8100 | 61257 |

### 2.4.3 Belize, Bolivia, Colombia, Dominican Republic, Guyana, Haiti, Jamaica, Other Caribbean, Suriname, Venezuela

| Name | Position | Room | Extension No. |
|---|---|---|---|
| R. Moscote | Division Chief | I-5131 | 61141 |
| J. Gorrio | Sr. Fin. Analyst | I-5141 | 61118 |
| J. Linares | Financial Analyst | I-5140 | 61123 |
| W. Stottmann | Sr. Sanitary Eng. | I-5143 | 61119 |
| S. Whitehead | Sr. Financial Anal. | I-5139 | 61117 |

### 2.4.4 Argentina, Chile, Ecuador, Paraguay, Peru, Uruguay

| Name | Position | Room | Extension No. |
|---|---|---|---|
| A. Thys | Division Chief | I-6131 | 60001 |
| B. Gomez | Financial Analyst | I-6139 | 60004 |
| J. Hicks | Financial Analyst | I-6145 | 60007 |
| E. Idelovitch | Sr. Water Engineer | I-6123 | 60010 |
| F. Kriegler | Financial Analyst | I-6116 | 60019 |
| A. Nassau | Sr. Project Officer | I-6141 | 60005 |
| K. Ringskog | Sr. Economist | I-6121 | 60011 |
| M. Rios | Financial Analyst | I-6128 | 60025 |

### 2.4.5 Latin America Technical Group

| Name | Position | Room | Extension No. |
|---|---|---|---|
| M. Martinez | Division Chief | I-4131 | 61109 |
| J. Flora | Urban Trans. Eng. | I-4157 | 61422 |
| M. Rasheed | Sr. Financial Anal. | I-4155 | 69219 |